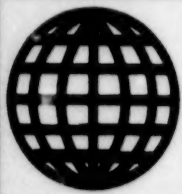


JPRS-NEA-94-021

3 May 1994



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

Near East & South Asia

Near East & South Asia

JPRS-NEA-94-021

CONTENTS

3 May 1994

NEAR EAST

ALGERIA

Zeroual Criticized for Failure To Resolve Crisis [EL WATAN 29 Mar]	1
FIS Agreement To End 'Terrorism' Denied [EL WATAN 6 Apr]	1
Lille: Drug Network Said Funding FIS Dismantled [LIBERTE 9 Apr]	2
GIA Network Reportedly Discovered in France [EL WATAN 6 Apr]	4
Journalist on Future of Press; Political Situation [EL WATAN 15 Mar]	5
Women Speak Out Against Violence, Government [LIBERTE 9 Mar]	6
Port Activity at Bajaia 'Paralyzed' [LIBERTE 16 Mar]	7
Life in Tiaret: Situation Said Desperate [EL WATAN 1-2 Apr]	7
Guelma: Workers Strike Over Higher Fuel Prices [EL WATAN 29 Mar]	8
Price Increases; First Measures To Reduce Deficit [LIBERTE 9 Mar]	8
Hydrocarbon Receipts: Debt Payment Strategies [LIBERTE 10 Mar]	9
Unions React to Higher Prices, Action Threatened [EL WATAN 28 Mar]	9

EGYPT

Development Plan Spells Out Employment Strategy [AL-AHRAM AL-DUWALI 9 Mar]	10
New Consumer Protection Program Detailed [AL-AHRAM AL-DUWALI 9 Mar]	11
Impact of New Customs Duties Reviewed [AL-AKHBAR 16 Mar]	12
Public Service Youth Project: High Cost, Low Gain [AL-AHRAM 10 Mar]	13

SAUDI ARABIA

Saudization: Profits Versus Nationalism [AL-MADINAH 5 Mar]	16
Al-Dabbagh on Reduced Budgets, Arbitration Center [Kuwait AL-ANBA' 12 Mar]	18

REPUBLIC OF YEMEN

Al-Ahmar Family Said To Be Front for Fundamentalists [Paris AL-WATAN AL-ARABI 18 Feb]	22
Experts Discuss Conciliation Accord [Jeddah 'UKAZ 21 Feb]	24
Obstacles to Union: Structure, Laws, Implementation [London AL-MAJALLAH 12 Mar]	26

SOUTH ASIA

INDIA

Papers Report, Comment on Relations With U.S.	32
Proposed Rao Visit [DECCAN CHRONICLE 20 Feb]	32
Clark on Clinton Remarks [DECCAN CHRONICLE 20 Feb]	33
Analyst on Clinton Remarks [THE TIMES OF INDIA 19 Feb]	33
Human Rights Stressed in UN Preparatory Panel [THE TIMES OF INDIA 19 Feb]	34
Papers Report Mongolian President's Visit	35
Activities of 22 Feb [DECCAN CHRONICLE 23 Feb]	35
Taxation Pact, Other Developments [THE TIMES OF INDIA 25 Feb]	36
Joint Naval Exercise Held With Singapore [THE TIMES OF INDIA 26 Feb]	36
Trade With PRC Doubles During 1993 [THE TIMES OF INDIA 24 Feb]	37
Readiness for Talks With Pakistan Stressed [THE TIMES OF INDIA 18 Feb]	37
Parliament Passes 'Hands-Off-Kashmir' Resolution [DECCAN CHRONICLE 23 Feb]	38
President's Rule Approved for Manipur [DECCAN CHRONICLE 23 Feb]	39
Repatriation of Chakma Refugees Begins [THE TIMES OF INDIA 16 Feb]	40

Rao Interviewed by Saudi Arabian Paper	[THE TIMES OF INDIA 15 Feb]	40
Rao Addresses Joint Venture Participants	[THE SUNDAY TIMES OF INDIA 20 Feb]	41
Paper Reports on Upper House Elections	[DECCAN CHRONICLE 18 Feb]	41
Press Briefed on CPI-M Politburo Meeting	[THE HINDU 28 Feb]	42
JD President Quits, V.P. Singh Nominated	[THE HINDU 15 Feb]	43
No Ceiling on Export Credit Envisaged	[THE TIMES OF INDIA 19 Feb]	44
1993/94 Economic Survey Presented to Parliament		44
Overall Summary	[THE TIMES OF INDIA 25 Feb]	44
Special Export Thrust	[THE TIMES OF INDIA 25 Feb]	45
1992/1993 Public Enterprise Survey Presented	[THE HINDU 24 Feb]	47
Finance Panel Approves Foreign Investment Proposals	[THE HINDU 15 Feb]	48
Paper Summarizes 1994/95 Railway Budget	[THE TIMES OF INDIA 25 Feb]	48
Ordinance Restructures Nation's Airlines	[DECCAN CHRONICLE 19 Feb]	50

IRAN

Changes Made by Khamene'i in Regime Analyzed	[London AL-SHARQ AL-AWSAT 22 Feb]	50
--	-----------------------------------	----

ALGERIA

Zeroual Criticized for Failure To Resolve Crisis

94AF0167C Algiers EL WATAN in French
29 Mar 94 p 3

[Article: "Letter From FLN to Zeroual: 'Government Isolated From Society'"]

[Text] The "letter" that the FLN [National Liberation Front] was supposed to have handed over to the president of state—a letter announced with a great deal of publicity—ended up being forgotten completely. The contents of the document were made public yesterday. The document states that the letter was given to Zeroual by the FLN delegation last Saturday. It should be noted that that meeting between the president of state and the FLN delegation was not announced by either the office of the president or Mehri's party.

It is also worth noting that the FLN waited until dialogue had resumed before announcing its official stands on the overall situation in the country.

In its letter, the FLN sticks to its stands regarding the existing institutions, which it still considers to be illegal. "The government alone, with institutions that are paralyzed or at a standstill and whose authority is diminishing every day, is incapable of bringing the country out of this complex situation because it is isolated from society," the FLN document emphasizes. A resolute supporter of a rapid return to the electoral process and the elected institutions, the FLN feels that it is impossible to "defer the real political solutions required by that complex situation without exposing the state and society to collapse and division." The HCE's [Higher State Council's] management is considered "a failure in every area." "It is essential to change that policy," the FLN notes in its letter to Zeroual. The change must take place with the help of "the country's influential political forces." That is what the FLN means by its fetish formula "serious and thorough dialogue." The FLN's letter clearly identifies those forces, although they are not mentioned explicitly. According to the document addressed to the chief of state, the FLN Political Bureau feels that "the parties that emerged during the legislative elections of 26 December 1991—regardless of any disagreements as to their results—are now destined to assume special responsibilities." To put that in clearer terms, it means, according to the FLN's logic, the three fronts: the FIS [Islamic Salvation Front], the FFS [Socialist Forces Front], and the FLN. Mehri's party occasionally returns to the attack with the proposal that was made and rejected in the days of the HCE: to call a meeting of the "major parties"—or what it regards as the major parties. The FLN considers it "an essential task" to invite those parties, which it does not name, "to a common meeting that will be announced to the people." But to salve its conscience, the FLN also says that "by no means does this mean ignoring other opinions, marginalizing other political or social forces, or excluding them

from that dialogue." The FLN says it is in favor of enlarging the dialogue but not diluting it.

The objective of national dialogue, the FLN emphasizes, "is to reach agreement on solutions likely to bring our country out of the cycle of violence, ensure serenity in all homes, and restore to the state its constitutional and legitimate framework as that derives from the people's choice." The FLN feels that "the chances for the success of national dialogue still exist, although they are growing slimmer." Prior conditions must be met, the FLN says. Among those conditions, the FLN is convinced of the need to "create an indispensable climate of detente so that all the political and social forces can go along with it, support it, and prepare to take responsibility for its results."

In other words, the FLN is asking for nothing less than a continuation and further development of the so-called pacification measures that were initiated by the HCE and expanded—when Zeroual became chief of state—by releasing the prisoners in the southern camps and the two FIS leaders, among other things. The idea of calling up reservists to support the security forces in maintaining order and protecting property and people from terrorist acts, as mentioned by the minister of interior, apparently does not appeal to the FLN, which views the measure as "a serious sign of the persistence of a policy of confrontation and a new step further involving the ANP [People's National Army] in a confrontation that prevents it from assuming its role of arbiter and wise guarantor of the hoped-for agreement among the parties to dialogue."

FIS Agreement To End 'Terrorism' Denied

94AF0174B Algiers EL WATAN in French 6 Apr 94 p 3

[Article by S.B.: "FIS Leaders Deny Pledge To End Terrorism"]

[Text] Yesterday Mr. Boukhamkham and Mr. Djeddi, the two FIS [Islamic Salvation Front] leaders freed on 23 February, broke the public silence that they have maintained since then except at certain mosques where, by some accounts, they have preached virulent sermons critical of the regime.

Their statement, which came as no surprise to political observers, was clearly triggered by the recent communique from the Algerian presidency accusing leaders of the dissolved FIS of failing to honor commitments they had made to President Liamine Zeroual during a meeting at Blida that was kept secret until only a few days ago.

The "internal wing of the FIS" felt obliged to react to the presidential communique, which had put it in an embarrassing position, undercutting its public posture. The regime seems unconcerned about reactions from the armed groups or from FIS spokesmen overseas. What it was watching for was a reaction from the FIS leaders with whom official contacts had been held; thus this

communiqué from two FIS leaders who were "graduates" of Blida was important because it constituted a first response to the authorities' overtures.

The freed FIS leaders—acting, it must be assumed, at the behest of their leaders, Abassi Madani and Ali Benhadj—took pains in the communiqué they sent to AFP yesterday to deny the assertions in the presidency communiqué. The statement by the FIS leaders leads one to conclude either that the presidency omitted significant details from its description of the meeting between the incarcerated FIS leaders and Mr. Zeroual (who at the time was defense minister for the HCE [Higher State Council]), or that Boukhamkham and Djeddi are deliberately lying in a bid to regain lost ground with the general public, by turning the authorities' own arguments against them: specifically, by alleging that it was the presidency that failed to meet its commitments.

First of all, concerning the supposed promise by the incarcerated FIS leaders to issue an appeal to end the violence, as the presidency has asserted: The FIS communiqué denies making such an offer and maintains that the detained FIS leaders "rejected as premature and ineffective the proposal made by the defense minister, General Liamine Zeroual, for the FIS to urge the people to remain calm and law abiding."

Serious Accusations

What is important about the statement is not whether the defense minister or FIS leaders were telling the truth—someday the history will come out, perhaps sooner than one might think, since some sources say that recordings were made of the meetings with the FIS—but rather the fact that the FIS admits it is behind the terrorist acts. By denying they had pledged to stop terrorism, the FIS leaders implicitly admitted that they have the capacity to do so—or at least that they feel they do—and claimed credit for the acts of violence.

The communiqué initiated by the two freed FIS leaders says that the only commitment made by their leaders in detention was to "seek a solution that is just and in accordance with the shari'ah, in order to put an end to political and social injustice and spare future generations from sanguinary conflict." It is easy to see, if this statement is analyzed closely, that FIS leaders see a commitment to help restore civil peace as but the final stage of a process that should begin with resolution of the political question, among other things by rehabilitation of the dissolved party and release of all incarcerated FIS leaders. The explicit reference to the shari'ah is a way for FIS leaders to reaffirm their commitment to a vision of society that they have always promoted and that they are not prepared to negotiate away, even from behind prison bars.

The FIS communiqué spells out three conditions for "a political solution to the political crisis and insecurity racking the country." First, "the unconditional release of FIS leaders, because imprisonment is a constraint, and

when a man is under constraint he cannot be responsible;" second, "access to full and complete information on the general situation in the country in all its political, economic, social, and security aspects, so it will be possible to design an adequate solution, in accordance with the shari'ah, that will save the country and the people;" and finally, "permission to remain in direct contact and consult widely with the other leaders, since we are all members of one group and cannot make decisions without consulting with our brothers." Observers will have noted that the internal political wing of the FIS has softened its earlier demands: At one time, it demanded nothing less than to come to power via a return to the electoral process and the status quo ante of 26 December 1992. The three conditions posed by the two FIS leaders, with the concurrence of their incarcerated chiefs, mark a significant break with both the intransigence of the armed groups—who respect nothing but brute force—and the increasingly strident extremism of the party leaders in exile. Readers are reminded of the six "commandments" of Rabah Kebir, who demanded not only the release of the FIS leaders and all the imprisoned party militants, but also trials for the country's current leaders and the holding of a dialogue in a neutral country. The question thus arises: Which of the groups has legitimacy—the armed groups, the FIS's internal political wing, or the leadership in exile?

The FIS communiqué also informs us that Mr. Zeroual promised incarcerated FIS leaders the unconditional release of four of the seven leaders held at Blida, the transfer to house arrest of Abassi Madani and Ali Benhadj, and closing of the "security centers" in the south before the end of the month of Ramadhan. Not only were these promises not kept, the communiqué says, but—an even more serious accusation—also some detainees freed from the camps in the south were killed almost as soon as they returned to their homes.

We must certainly expect that within the next few hours the presidency will respond to the allegations in the FIS communiqué.

Lille: Drug Network Said Funding FIS Dismantled

94AF0174C Algiers *LIBERTE* in French 9 Apr 94 p 2

[Article by K. Zeghloul: "Sources of Terrorist Financing"]

[Text] After the arrest in Lille of two FIS [Islamic Salvation Front] militants on charges of drug trafficking and possession of weapons, ammunition, and important Algerian administrative documents, the French press is raising disturbing questions about the activities of the fundamentalist movement in France.

The traffic in counterfeit Lacoste shirts that made so many headlines turns out to have been just a minor sideline. The mainspring of the fundamentalist movement in France, the dissolved FIS, is diversifying sources of financing for its armed struggle in Algeria. After

relying first on aid from countries committed to exporting their ideology, then on begging, gifts, hold-ups, and rackets, it is now resorting to drug trafficking to finance its jihad against society and Algeria's republican state. The former party of Abassi Madani has built up a network of drug dealers. One such ring was just recently dismantled in Lille (France), in an investigation of heroin trafficking in the prostitute demimonde of the town, which is a veritable crossroads because of its proximity to Belgium and the Netherlands.

These two countries are known for their permissiveness on drugs. According to investigators with the French Judicial Police [PJ], "some of those arrested averred to the examining magistrate in Lille that one Hassan Tobal, a drug trafficker for the dissolved FIS and confederate of two militants arrested on 21 March for 'conspiracy in a terrorist plot,'" turned over a portion of drug proceeds to members of the Islamist movement.

The profits from this network alone over the two years or more it operated were in excess of 9 million francs [Fr]. In addition, there were "commissions" extracted from independent dealers.

In September 1993, about 10 ex-FIS militants were arrested in Rotterdam for drug trafficking. Among them were the imam of a mosque in the Lille suburbs, the head of an antidrug organization in Roubaix, and several individuals who hunt down dealers (sic). Readers are reminded of the much-publicized French Interior Ministry report to the Elysee, which was followed by the expulsion from France of Kamreddine Kharbane, ex-FIS representative in France, and Boudjemaa Bounoua, a Saudi Arabia-based recruiter of Algerian volunteers for Afghanistan.

The ministry's explosive report noted that a re-Islamization of the "beurs" [second-generation Arab immigrants in France] in the same forms as those already adopted by apparently isolated activists and certain voluntary associations acting under humanitarian cover could lead to "a drift toward terrorism of certain small groups within that movement (Editor's Note: the fundamentalist movement)." Events have proved these fears well-founded.

Numerous charitable associations ostensibly "working" against drug addiction and crime or to improve recreational opportunities in the suburbs, are in fact working to infiltrate and organize young Muslim immigrants.

In that context, the violent "hunt" for dealers led by the Islamists, especially Kraouche's FAF [Algerian Fraternity in France], as a "justifying cause," was undertaken in reality not to suppress them but to supplant them in this lucrative traffic.

According to the French weekly VSD, drug trafficking is one of the principal sources of financing for the dissolved FIS, which, in addition to its French networks, reportedly also relies on a Pakistani network to transport narcotics from Iran and Afghanistan to Europe.

In its July 1993 issue, LA DEPECHE INTERNATIONALE DES DROGUES classified Algeria as a producer country or transit point for international drug trafficking.

The Geopolitical Drug Observatory (OGD) noted, after an investigation of the Staoueli poppy fields (summer 1992), that "Algerian PJ do not believe, however, that the fundamentalists are setting up narcotics trafficking rings, at least not on Algerian territory." The "most reasonable hypothesis," according to the PJ, was that some Afghans "are seeking to satisfy a taste for artificial paradises, which they acquired during their sojourn in Asia." Various indicators seem to discredit that hypothesis—for example, the fact that the Uzis and Scorpions found in the terrorists' lairs are the weapons of choice for international drug rings with ties to arms traffickers.

Is such a hypothesis plausible, when we know that all over the world armed insurrectionary movements (Peru, Kashmir, Punjab, Pakistan, Casamance, etc.) are financed in part by drug trafficking? And that these same movements, especially since the end of the Cold War, are increasingly acquiring a direct or indirect stranglehold on these phenomenal sources of income?

Can Algeria's fundamentalist movement be expected to turn its back on this manna when the borders, especially with Morocco, leak like a sieve? Even though they have never ceased clamoring for the establishment of an Islamic state, no matter what the cost?

Official Assassinated

Attendance was sparse yesterday at burial services for Mr. Belaid Meziane, the UGTA [General Union of Algerian Workers] national secretary for union training programs who was assassinated on Thursday. The several dozen people who accompanied to his final resting place this victim of cowardly assassins carried themselves with solemnity and dignity, tinged with sadness and consternation.

A communication slip-up was apparently responsible for the small turnout by militants and workers affiliated with the labor central.

On Thursday at 1430, Belaid Meziane left the home of his sister in the Diar El Djemaa development in Bachdjarah commune. His young nephew accompanied him in his vehicle. Several meters down the road, Meziane slowed down to avoid a crevice.

Two youths waiting at that very spot—obviously familiar with his itinerary for the day—stepped in front of the vehicle to block his path, fired a first bullet that hit him in the throat, then a second and fatal bullet that hit him in the neck. Taken immediately to Belfort hospital, Belaid Meziane, age 51, succumbed to his wounds.

Communique

The Ettahadi-Tafat movement has issued a communique condemning this new assassination:

"This odious assassination follows attacks against Abdelhak Benhamouda, secretary of the UGTA, and shows that the fundamentalists are committed to destabilizing the labor central and preventing it from taking antifundamentalist positions that correspond to the basic interests of the workers and the country as a whole."

GIA Network Reportedly Discovered in France

94AF0174A Algiers EL WATAN in French 6 Apr 94 p 1

[Article by Khaled Melhaa: "Large GIA Network Discovered in France"—first paragraph is EL WATAN introduction]

[Text] Less than six months after a spectacular round-up of FIS [Islamic Salvation Front] activists in France, the arrest on 21 March of two Algerians, Ahmed Seba and El-Hadj Chaib Eddour, in the French city of Lille (Nord) has revived debate about the existence of European rear support bases for Islamist terrorism...

Paris—Two thirtyish Algerians, presumed FIS sympathizers, who were arrested in Lille last Monday were formally charged on Friday evening with complicity in a terrorist plot and bound over by Parisian magistrate Jean Louis Bruguiere. The Algerians were in possession of an assault rifle and ammunition (not for the assault rifle), as well as tracts and false documents, it was learned from judicial branch sources.

We have also learned there is a lot more to the story than suggested by that terse 25 March dispatch: in fact, the discovery of the first GIA [Armed Islamic Group] in France. Disturbing and incredible as it may seem, no one—not the DST [Directorate of Territorial Security], the antiterrorist section of the Paris PJ [Judicial Police], the 6th Central Directorate of the Judicial Police [DCPJ] responsible for counterterrorism nationwide; not even the DGSE [General Directorate for External Security] or the Algerian intelligence services—knew of the existence of such a terrorist ring. Some time ago, on 9 November 1993, 75 Islamists were arrested in various parts of France, among them prominent FIS leaders residing in France such as Moussa Kraouche and Djaafar El-Houari, leaders of the Algerian Fraternity in France (FAF), as well as Ahmed Simozrag, currently under house arrest, an attorney for FIS leaders incarcerated in Algiers.

The latter was the subject of an expulsion order signed by the Ministry of Interior on 9 November 1993. The decision to place him under house arrest was made after he refused to pick a destination country, Algeria for example. That police operation set off panic in Islamist circles in France, as well as a political and media outcry. French Prime Minister Edouard Balladur said the day of the arrests that "the round-up of FIS leaders and sympathizers in France... should serve as a warning to all and sundry...that in France, everyone must obey the laws."

For his part, French Interior Minister Charles Pasqua issued a strong warning to Islamists that "the government will not tolerate the growth of subversive activity in France, under whatever pretext, and we will put an end to it."

Thus the French Government, which thought it had put the Islamist menace behind it, discovers now to its consternation that Islamist activists seem to have paid little heed to those warnings. But Islamists were already known to be implicated in various trafficking activities, including narcotics, that serve to finance activities of the terrorist groups in Algeria and in Europe.

This particular story goes back to December, when the investigative division of the police security branch [RG] in Paris and the Lille PJ began their separate sleuthing. The Paris RG was on the trail of a GIA support network, while the Lille PJ was investigating a heroin trafficking ring that was smuggling 4 kg per month of the drug from the Netherlands into northern France.

On 21 March at about 1700, the PJ squad in Lille arrested 18 members of the network, which had been using for its base of operations the "El Djazair" cafe, which was located at 15 Rue de la Cle in Lille's old town and owned by a 67-year-old Algerian, Mohamed Bougrioua. Forty-eight hours later, Mrs. Catherine Fontaine, examining magistrate with the Lille public prosecutor's office, signed committal orders for nine of those apprehended, including the cafe owner and Messrs. Adj, Djouab, and Amireche (aged 22, 24, and 30, respectively), on drug charges.

Hundreds of grams of heroin were seized in police searches that also brought to light links between the GIA network and a big criminal ring specializing in fabrication of forged Algerian identity documents.

Nine members of that ring had been arrested in a raid about twenty days earlier but were released for "lack of evidence."

The work of the investigative divisions of the RG in Paris and Nord led to the discovery of 511 blank Algerian national identity cards and 606 national service cards (bearing the stamp of the High Commissioner's National Service Office [HCSN]) at the Lille residence of a 39-year-old Algerian "student," El-Hadj Chaib Eddour. These ANP [People's National Army] documents had already been placed in envelopes bearing names and addresses of the intended recipients in Algeria. According to our sources, the list of these names was passed to Algerian authorities. Also arrested was Ahmed Seba, a 28-year-old Frenchman of Algerian origin. He quickly confessed and said he had been induced, by threats of reprisals against loved ones in France and Algeria, to deliver the documents to Chaib Eddour's domicile at the behest of one Chemellal Boudjellal, a GIA Islamist now a fugitive from justice.

Boudjellal, born in Mascara in November 1966, is also said to have given Ahmed Seba an assault rifle of Israeli

manufacture (Galil) found during the search of the latter's domicile in Persant-Beaumont, on the northern outskirts of Paris; inspectors from the 6th DCPJ found munitions, plus—once again!—hundreds of blank Algerian identity cards and certificates issued by the army's HCSN.

Police also found GIA documents sent from London and addressed to one Aymar Elachir, various postal transfer documents, some cash, and rubber stamps bearing the name of an ANP officer. According to our sources, the false papers were intended for GIA members returning from Afghanistan and for elements of the same terrorist group in Algeria.

The search also turned up a connection between Ahmed Seba and Larbi Beddiaf, who was charged on 12 November with conspiring in a terrorist plot: A copy of the judicial order was found in Seba's residence in Persant-Beaumont.

This sweep was the largest ever mounted by French police against a "dormant network" of Islamist operatives in France. Ahmed Seba and Chaib Eddour—both unknown, we emphasize, to either French or Algerian security services—have been bound over by examining magistrate Jean Louis Bruguiere, who frequently handles terrorist cases. The two suspects were charged on 25 March with "conspiracy to engage in terrorist action, violation of the weapons laws, falsification of official documents, and utilization of falsified documents." An international look-out bulletin has been issued for Chemellal Boudjellal, who French police say is the "brains" behind the GIA in northern Europe.

Unlike the November police sweep against Islamists residing in France, this affair has been handled very quietly by French authorities. The new approach suggests that the implantation of Islamists in France and Europe may be more extensive than previously thought.

Journalist on Future of Press; Political Situation

94AF0149A Algiers EL WATAN in French
15 Mar 94 p 13

[Interview with Abdelhamid Benzine, editor of ALGER REPUBLICAIN, by Ghania Oukazi; place and date not given: "The Future Belongs to the Forces of Progress"; first paragraph is EL WATAN introduction]

[Text] Between the barbarity of terrorism and the decay of the government, the Algerian press is now being called upon more than ever to fight to safeguard freedom of expression. Expression that must be modern and democratic. Abdelhamid Benzine, a militant from the beginning and now editor of ALGER REPUBLICAIN, was kind enough to give us his impressions regarding that established fact.

[Oukazi] Could you talk to us about the current situation in the national press?

[Benzine] The media landscape has become very diversified in recent years. And what amazes me today is the publications that have recently come into being while others that were already in existence are suffering from a lack of funds and experiencing big problems with the printing and distribution companies. As far as ethics are concerned, things have progressed considerably. I would like to take this opportunity to pay tribute to all the martyrs: all the colleagues who have been killed and those struggling against death.

As far as we are concerned, I would like to point out that we still have not heard from our reporter who was kidnapped several days ago. That being said, the press, generally speaking, is the prime expression of democracy. Terrorist harassment is engaged in precisely in order to halt that expression. We should point out that today's press is playing a prime role beyond the limits of its true role because of the political vacuum elsewhere. Party activity has recently been reduced to faxes published by the press.

[Oukazi] Today's press is caught in the cross fire between a government that is watching for it to make the slightest false move and the criminal assaults by barbaric terrorism. How do you see the situation in those terms?

[Benzine] The state is decaying, and the government is not homogeneous.

As regards journalists, they have practically ceased to be what used to be called the fourth estate. They are playing the prime role in self-defense; they are in the vanguard.

That being said, we must not generalize. There are journalists who are democratic republicans and bearers of modernity, and they are fighting for a democratic people's republic of Algeria—for respect for every individual and collective freedom—and then there are opportunistic journalists who are marketing men much more than they are fighters. One cannot cheat and say that information is neutral and objective. We all engage in ideology whether we realize it or not.

[Oukazi] How do you see the struggle that journalists must engage in today?

[Benzine] First of all, they must organize themselves. It will also be necessary to combat elitism. It is necessary to improve information and training. I am against corporatism. For example, I would not be in an organization that had fundamentalist journalists. I am in favor of an organization that respects the Constitution, the republic, and democracy and does not work for the implementation of shari'ah and then "an Islamic regime." Things must be clear.

Moreover, I am in favor of dialogue among the democratic forces and not with fascism. Fundamentalism is nothing but a variation on archaic fascism, because fascism under Mussolini or Hitler was modern. For its part, fundamentalism is worse than that.

So journalists must organize among themselves to improve their profession, information, and its guiding principles. At the same time, they must become integrated with a much more vast movement that must be republican, democratic, and oriented toward social progress.

It is also necessary that there be solidarity among them. In all modesty, and also without false modesty, journalists must take their place in the fight to safeguard the country. I also believe that what has been done so far is better than nothing but that we are far from hitting the mark. Above all, it will be necessary for young people, who are more in tune with the times and more dynamic, to become imbued with this fight.

[Oukazi] How do you see the country's future?

[Benzine] There are two ways of looking at the future. One is a little narrow and, I would say, selfish, since it consists of seeing things from the standpoint of one's own life. Obviously, things are disturbing.

The future two, three, or four years from now will be very hard. It is up to all patriots to fight to overcome the crisis. Since that is a matter of individual conscience, we must have no illusions, but we are still going to have a rough time of it. But from the longer perspective of history, I am optimistic. You know, just before the outbreak of the revolution in 1954, circumstances were different, but the crisis was just as serious. There were 22 people who had no support in society but who were aware that underneath the ashes were the embers that would burst into flame.

Today I am convinced that the martyrs for freedom will not have died in vain. I am totally confident of that even though I know that nothing is inevitable in history. This is not optimism, but I am convinced that Algeria will emerge from this crisis and be stronger because of this experience.

It is a matter of building a better world. We must be realistic, look at things calmly, and struggle.

We must not give in to fascism. Sometimes we win and sometimes we lose because the struggle does not proceed in a straight line.

But we must lead people to the certainty that the future belongs to the forces of progress.

Women Speak Out Against Violence, Government

94AF0147D Algiers LIBERTE in French 9 Mar 94 p 2

[Article by Karima Goulmamine: "Where Is the State?"; first paragraph is LIBERTE introduction]

[Text] *This time, for once, the women had an hour of freedom of expression in front of Ibn Khaldoun Hall. It happened yesterday.*

This 8 March (International Women's Day), Algerian women rejecting fundamentalism and fanaticism answered the call by the Rally of Algerian Women for Democracy (RAFD) to challenge the state and remind it of its mission. Cries reflecting pain, anger, protest, and above all the attitude that: "I have had it up to here" were heard as the women expressed their deepest feelings.

Their number included women who had lost their husbands, brothers, or friends.

The family of the martyrs of hate-blinded terrorism was there to try to save what was left. But it must be said that 8 March in this year of 1994 was different. There were no longer any of the customary demonstrations or marches through the streets of the capital.

This time, for once, the women had an hour of freedom of expression in front of Ibn Khaldoun Hall. Blocking all traffic so they could chant their slogans: "Where, where is the government?," "No to Djaballah" [Islamic Renaissance Movement leader], "No to Nahnah," and "No dialogue with the murderers who think they are war veterans."

Those expressions had to be sincere because they came from women acquainted with suffering: the wives of Liabes and Djillali Belkhenchir. In the eyes of all women who are determined when it comes to defending human rights, the state must react so that blood will stop flowing and so that 8 March will remain eternal.

In a letter sent by them to Liamine Zeroual, they challenge him, saying that women refuse to be sacrificed once again on the altar of a suicidal policy or of dialogue based on horse trading. "Yes, Mr. President, the blood-thirsty sect is continuing to bleed Algeria on this 8 March, the eve of Aid el Fitr."

"Mr. President, genuine dialogue regarding the modern future of Algeria must include the women and men who believe in it and who are trying every day to protect this country from an Islamic diktat."

In a separate development, the Socialist Forces Front (FFS) says in a statement that women are fervent fighters for human rights. It makes a most alarming observation, however. It says that in all the confusion, women are powerless witnesses to the tragedies that are occurring, being held hostage between terrorism and institutional violence, to which are added the sufferings of everyday life.

It also mentions the absence of any official text to provide security and protection for women, who continue to be the victims of obscurantism and illiteracy. It also points out that no mention is being made of the ardently demanded suppression of exclusionary laws, including, among others, the Family Code. The date of 8 March used to be a kind of holiday on which women

could review the progress made and call for more. Women are now reduced to asking for the most basic right: the right to live.

Port Activity at Bjaia 'Paralyzed'

94AF0147A Algiers LIBERTE in French 16 Mar 94 p 2

[Article by A.K.: "The Solution Today"; first paragraph is LIBERTE introduction]

[Text] *After more than a week, a strike by dock warehouse personnel still has activity at the port paralyzed. The parties to the dispute are meeting today.*

Because of the absence of a minimum amount of service, several ships carrying semolina, flour, rice, and other food products have been waiting for days in hope of being unloaded, while other freighters are simply switching ports (and going to Mostaganem or Oran). The situation is causing the loss of an estimated 60 million centimes per day.

The dockworkers are expressing their dissatisfaction with implementation of a traffic plan established by the port authority and stipulating where the various categories of personnel will enter the port. In accordance with that plan, it was decided on 9 October 1993 that dockworkers and day workers would not be allowed to enter through the main gate. Gate 17 was fitted out especially for them. When contacted by us, the port's general director, Boumessila, said that "the dockworkers have launched an illegal and unexpected strike without submitting a list of demands or undertaking negotiations with the management."

For his part, Abdellah Redjadj, a member of the local union, said in the columns of ALGER REPUBLICAIN that the dockworkers were not on strike: "We come here every day to work, but they deny us access." He was referring to the main gate, where "everybody except us goes in." Consequently, they are refusing to go through Gate 17, which they say is dangerous: "That is where the trucks and the train enter." Redjadj also mentioned their chief demands, namely the opening of the main gate, pay for the days on strike, and a halt to the threats and acts of intimidation to which the dockworkers have been subjected. The meeting scheduled for today between the Labor Inspectorate, the local union, and the port authority should result in a quick solution to this problem, which has brought one of Algeria's biggest port enterprises to a standstill.

Life in Tiaret: Situation Said Desperate

94AF0167B Algiers EL WAT: N in French
1-2 Apr 94 p 24

[Article by S.B.: "Tiaret: A Hostage City"]

[Text] *Tiaret is still living in anguish. The city closes the curtains at 1800.*

"It is the curfew of fear!" we were told by one young Tiaret resident who can no longer bear to live in a region

whose residents easily give way to panic and lose their heads at the slightest rumor. "You would think we had no more men in Tiaret," he added, seemingly disgusted by the passive attitude of the citizens and especially the laxness of the local authorities, who do nothing to reassure people and provide them with a climate of confidence.

Reports from Tiaret give one the impression that there is no more state presence in that city, since it seems to have been abandoned to the fundamentalist terror that is continuing its insidious undermining work. Objective: to subject the citizens to the diktat of the terrorists so as to prove that the latter are stronger than the state. Here, too, the "words of command" that one hears are the same as those heard just about everywhere else: the veil must be worn, hairdressing shops for women, video stores, and the few bars still open must be closed, and parabolic antennas must be taken down.

The fundamentalists operate by means of large-scale propaganda, the arrogant presence of bearded men, racketeers, and death threats sent by letter and addressed collectively or individually. Besides that climate of terror being maintained by "henchmen" working at various levels, we were told of the existence of fake mobile roadblocks being set up by terrorists on the roads leading to Tiaret from Theniet El-Had, Frenda, and Zemmoura.

"The terrorists have taken over Tiaret, and I can tell you that former prisoners from Ain M'Guel are their main henchmen for terror. They move around the city with an arrogance that is effective," we were told by another young man from Tiaret.

According to another source, the fundamentalists hold frequent meetings in mosques. They inventory the property of the rich with a view to expropriating it. That news has reportedly caused many of the city's notables to flee. The fundamentalists are able to build their pressure because of submission by the citizens. The more afraid Tiaret's residents become, the more they give ground to the "bearded ones" who want to rule over the life of the city with their prohibitions. That is what interests them the most about the "hogra" [scorn, conten pt] of women.

So is the situation desperate? "Not at all," comes the answer, "because there are still many citizens who resist and reject the lifestyle the fundamentalists are trying to impose on them."

In that connection, the demonstration held on the day of the funeral of the DEC [expansion not given], who was killed in his office in cowardly fashion, was a popular demonstration of that rejection.

The man was highly regarded, and Tiaret's residents, both men and women, wanted to shout their anger at a gang of criminals that lives on murder and sabotage. The citizens say: "The city must wake up and get back to its

normal life. People have had enough of this terror and are ready to fight, but for them to do that, the authorities must not let them down."

Guelma: Workers Strike Over Higher Fuel Prices

94AF0167E Algiers *EL WATAN* in French
29 Mar 94 p 4

[Article by A. Boumaza: "Strike in Guelma"]

[Text] Interurban transportation in the Guelma Governorate is being quite seriously disrupted, not to say paralyzed, by a strike that was started on 25 March—the day before the resumption of classes—by private carriers, who carry over 50 percent of the traffic.

In their strike notice dated 22 March, the 43 carriers affiliated with or belonging to the UGCAA [General Union of Algerian Merchants and Artisans] (32 out of a total of 68, according to the governorate's Directorate of Transportation) are demanding that individual fares be raised following the recent increases in fuel prices.

In fact, several of them had been working since 16 March with a new fare schedule instituted by them. A copy of the new schedule was submitted to the Directorate of Transportation, but the latter did not give its approval. Result: about 10 of the carriers had their operating permits revoked.

The Directorate of Transportation says, with proof to back it up, that "their demands have been sent to the supervising ministry, so there is no reason to stop work and violate their moral contract, especially in this period when we are experiencing crises of all kinds."

By means of this "unlimited strike," the private carriers in Guelma are reacting to the new increases in fuel prices, and they have decided to keep their buses stopped until their demands are met because "operating costs are becoming very high," they explain. Last, and as always, it is the citizens, most of them students, who are paying for the strike while waiting to pay the price of a ticket, which is certainly going to rise.

Price Increases; First Measures To Reduce Deficit

94AF0147C Algiers *LIBERTE* in French 9 Mar 94 p 3

[Article by Zoubir Ferroukhi: "Truth in Prices Has Started!"]

[Text] The sudden increase in the price of fuel, tobacco, and matches will certainly trigger a movement of revolt and indignation among motorists and smokers, but the most surprising thing, no doubt, is that those price increases occurred long after the budget went into effect.

That is one thing. As it happens, two theories can be considered. Either the increases were included in the budget, in which case the chapter on that subject was not visible to everyone. Or they reflected a decision anticipated by the government outside the strict framework of

the budget. For another thing, it is undeniable that the system of transparency is still far from being the main concern of our decisionmakers.

There was nothing to prevent either of the firms involved in those increases from informing the consumer ahead of time and providing the necessary explanations rather than suddenly slapping him with higher prices—which they did, moreover, with very poor timing. It needs to be remembered, first of all, that as far as fuel prices are concerned, Naftal [National Enterprise for Refining and Distributing Petroleum Products] could not have made the decision itself, since those prices are regulated by the state.

Increases require an executive decree by the government, and that decree came early this week, followed by a letter from the Ministry of Commerce to Naftal asking the latter to raise its prices: to 8.50 dinars [DA] for premium gasoline, DA7 for regular, DA6 for fuel oil, and DA40 per bottle of butane (compared to DA30 previously). It will be noted that the sharpest increase involves fuel oil, and at Naftal headquarters yesterday, we were told that the charge for a 13-kg bottle of butane was still a long way from reflecting truth in prices. In the case of the other fuels as well, experts feel generally that current prices are too low, if only because fuel is considered a quality product.

The theory that what this involves is simply an effort to bail out the state budget and make up the deficit does not hold up. The budget deficit borders on DA120 billion, and it would be hard to swear that that amount could be adequately made up by this means. It is also out of the question that these increases were included in the budget. Whether they may have been included in a supplementary budget bill is another matter. The government therefore must have made the decision regarding the measures in question, probably with an eye to the political effect such as step would have in Washington, where a financial bailout for our country is being negotiated.

The gradual approach to truth in prices could be a sign intended for the IMF, which must see concrete evidence that the Algerian Government wants to pursue an austere and rigorous economic policy. The choice of fuels and cigarettes is probably not an accident. Because automobiles are considered a luxury in Algeria—partly because of the preoccupation with life's sordid aspects—and tobacco is a harmful product, the social effect of the increases is lessened. Other measures will follow, also with some flexibility, apparently, since some sources say that milk is going to cost DA5 and a loaf of bread DA2.50 after Aid el Fitr. That will not hit people's pocketbooks too hard.

As far as the unions are concerned, the higher price of fuel and tobacco is not overly disturbing the morale of the workers' representatives. "It does not bother us," is

the response we got yesterday at the People's Center, where people are happy that the increases are not affecting staples.

It should be pointed out, however, that the price of fuel oil in particular is going to have an effect on bus and train fares and on other services where fuel oil is essential. But the toughest part may be still to come as far as the UGTA [General Union of Algerian Workers] is concerned, and the upcoming negotiations with the government are likely to be very stormy.

Hydrocarbon Receipts: Debt Payment Strategies

94AF0147B Algiers LIBERTE in French 10 Mar 94 p 2

[Article by R. Remila: "What Strategy for the Postpetroleum Era?"]

[Text] What strategy should be adopted to activate the much-awaited trigger mechanism that will start a real and effective recovery of our economy? At the Ministry of Foreign Affairs yesterday, Mustapha Mekideche, president of the Algerian Exporters Club (CEA), tried to provide a few answers to that question in a paper entitled: "Nonhydrocarbon Exports and Industrial Restructurings in Algeria: Stakes and Strategies."

The speaker said that regardless of the effects of the expected agreement with the IMF for dealing with the debt, overcoming the crisis in the Algerian economy will necessarily involve a qualitative change in the country's trade structure for the coming 10 years.

According to him, "that is the only step that will ensure Algeria of successful integration with the international division of labor—that is, the continuation of its economic and social development at a high and sustained rate of growth."

Mekideche also said it was now practically certain that hydrocarbon revenues for 1994—estimated at \$8 billion—would not be enough to cover debt service. He explained: "Even the expected quantitative increase in hydrocarbon exports beginning in 1996 or 1997 will not be enough to satisfy our foreign exchange requirements."

He also said that petroleum taxes have so far accounted for two-thirds of the state's budget resources.

"Those resources," he said, "are going to decline significantly beginning in 1994, when the austere budget policies go into effect."

He added that the Algerian economy was facing financial challenges reflected in a double crisis:

The first is the crisis in its model for international integration, in that demand can no longer be financed, and the second is the crisis in its operating model, which is sustained administratively and geared to a protected domestic market—the source of unearned income and wasted factors of production.

What is at stake for the international community is the emergence of a successful and reliable Algerian economy in the flow of international, domestic, physical, and monetary trade.

So what strategies are possible for establishing a different and more efficient operating model?

According to Mekideche, that depends on the promotion of exports, but he points out that first, "it is necessary to reject the prejudice, which says that Algeria has nothing to export except hydrocarbons, because such a prejudice is actually aimed solely at keeping up the illusion of safeguarding an economy based on unearned income that is no longer capable of renewing itself according to the same pattern."

In the opinion of the CEA's president, the service sector appears to be the one most prepared for exports in the short term. The reason is that it is not much affected by variations in the allocation of foreign exchange and consumes little in the way of imported goods and services. Moreover, Algerian firms can be competitive in niches involving general infrastructures and public works and industrial and energy infrastructures.

The implementation of dynamic and innovative industrial policies remains the sine qua non if we are to breathe new life into the Algerian economy.

That strategy consists of "remodeling industrial branches and firms with a view to their rationalization so as to set up productive segments that are coherent, balanced, and profitable," a move that can generate "foreign exchange cash flow to help finance the overall growth of the economy."

The new industrial policy should make it possible to reduce the factors of national dependence, specialization, and integration, to abandon declining industries, and, lastly, to promote export industries.

Unions React to Higher Prices, Action Threatened

94AF0167D Algiers EL WATAN in French
28 Mar 94 p 22

[Article by A.A.: "Price Increases: Grumbling in Union Circles"]

[Text] Anger is brewing in union circles in reaction to the recent increases in the price of widely used consumer products. Expressing its surprise, the UGTA [General Union of Algerian Workers] Executive Board is threatening to take action.

In the fourth and last point made in a statement released yesterday, UGTA Secretary-General Benhamouda did not mince words: "The UGTA will use all the means in its possession, undertake all legal actions, and take all steps it considers necessary to defend the rights and interests of the workers and their families."

His rather harsh statement notes with "surprise" that "the recent increases...have plunged the workers and the public into confusion and worry, all the more since they were announced...just after the national secretariat's meeting with the head of the government," a meeting at which the national secretariat expressed "the union organization's opposition to the preceding decisions to raise the price of certain products, notably diesel oil, the negative consequences of which are inevitable in many sectors of the economy, especially transportation and agriculture."

Asserting that it "was not informed at any time or in any way of the successive increases ordered by the government, much less involved in them," the UGTA questions "the real timeliness and significance of the price-raising measures announced the day after the demonstration that was held on 22 March 1994 to protest terrorism and violence and demand the defense of Algeria, whose unity and existence are being threatened by forces hostile to our people."

The anger of the union officials is also expressed by the UGTA's National Federation of Public Works and Hydraulics (FNBTPH), which a few days ago held a meeting enlarged to include officials of the union councils in firms in that sector. The communique adopted at the conclusion of that open meeting expresses "surprise" and "calls on the government to reverse its decisions, which do not serve the interests of the country or the citizens."

The measures that have been adopted are not the only ones being challenged. Union officials also question the way in which the government went about adopting and announcing them. The UGTA's top official expresses surprise that the measures were announced immediately after the central union's "informal" meeting with the government while also pointing out very clearly that the UGTA had nothing to do with the decisions that were reached.

In other words, and this is the meaning of the message, the UGTA did not back the increases, as the timing of the announcement might lead one to think. For its part, the FNBTPH remarks ironically that public opinion was informed not through official channels but through "our respectable television."

EGYPT

Development Plan Spells Out Employment Strategy

94LD0015A Cairo AL-AHRAM AL-DUWALI in Arabic
9 Mar 94 p 4

[Article by 'Izzah 'Ali: "Major Role for Private Sector, Social Fund in Providing Jobs; Limited Number of Specialties to be Appointed in Governmental Services Agencies"]

[Text] Indicators of the 1994/95 development plan confirm that the private sector and the Social Fund will have the largest role in solving the problem of unemployed graduates and providing productive job opportunities for them.

The plan gives a new role to the Ministry of Insurance and Social Affairs with regard to absorbing part of the unemployment problem through productive family projects. The Ministry of Agriculture will also share in solving the problem of unemployed graduates, through conveying ownership of reclaimed land.

Indicators also confirm that the government's commitment to assigning graduates will be limited to appointing graduates of medical colleges and nursing institutions to the health sector, and graduates of teaching colleges and supplementary studies to the education sector.

A responsible source in the Ministry of Planning stated that the government's role in the coming plan is confined to appointing specific career specialties to serve directly in service areas. Its present role is to concentrate on indirectly increasing employment through encouraging the private sector, and on the role of the Social Fund to encourage small projects in cooperation with local administrative agencies and banks.

Moreover, the government intends to issue a number of administrative decrees, such as early out for retirement, encouraging departures, and offering loans for an indefinite period.

By establishing manufacturing training centers, the government is aiming at requalifying the work force and graduates, commensurate with labor market needs, either domestic or in the Arab countries.

Educated Unemployed

'Usam Fahmi, head of the Central Office for Labor and Human Resources in the Ministry of Planning, confirmed that the state's plan to employ graduates is based on several studies that have been conducted recently by the Cabinet and the Ministry of Local Administration, in participation with the Ministry of Planning. Initial results make it clear that the largest percentage of unemployment is among the educated, while it is lower for the uneducated, since their jobs do not require specific qualifications and it is easier to go from one job to another. It is different for the educated, whether highly qualified, above average, or average. The number of unemployed graduates, during the period from 1983 to 1993, was about 1.425 million out of a total of 3.438 million graduates.

In this study, conducted in 21 governorates—excluding the border governorates—it was noted that the highest percentage of educated unemployed was in Port Said, where it totaled 16.5 percent, followed by Suez at 13.5 percent and Kafr al-Shaykh at 11 percent. The Upper Egyptian governorates of Bani Suwayf, al-Minya, Asyut, and Aswan were 11.2 percent, 11.7 percent, 11.4 percent,

and 11.4 percent respectively. The unemployment rate was 10.9 percent in the governorate of al-Daqahliyah, 10.7 percent in al-Sharqiyah, and 10 percent in al-Minufiyah. It dropped in al-Jizah, where it was less than 5.6 percent.

It was also clear that the highest unemployment rate was among 1992 graduates, totaling 12.4 percent, while the lowest rate was among 1983 graduates at 5.5 percent.

A study of unemployment distribution by skills showed that the highest rate was in the intermediate range, followed by above average and highly qualified.

With regard to graduates of average skills, the highest unemployment rate was for graduates of commercial institutes, representing 67.8 percent, followed by industrial school graduates at 28.7 percent, and social services at 1.5 percent. Agricultural school graduates were at 0.7 percent, hotel training 0.3 percent, and health technicians 0.2 percent. It was found that the highest unemployment rate for highly-skilled graduates, during the period from 1983 to 1993, was for graduates of the Business College, which was 34.6 percent, followed by graduates of fine arts colleges at 15.3 percent, and law and agriculture at 14.6 percent and 14.5 percent respectively. The lowest rate was for graduates of engineering colleges at 3.8 percent.

New Consumer Protection Program Detailed

94LD0015B Cairo AL-AHRAM AL-DUWALI in Arabic
9 Mar 94 p 4

[Article by Ahmad al-'Attar: "Investigation of Citizens' Complaints About Shoddy Goods; Actions Against Factory Violations Aimed at Stopping Production"]

[Text] There is no doubt that two agencies have an important role in the near future, especially with the application of free economic regulations and the increased role of competition in the Egyptian market. The Ministry of Industry has prepared a comprehensive plan, and the Board of Standards and the Industrial Regulatory Agency will take part in implementing this plan. The purpose is to protect the Egyptian consumer and assure production quality, in order to guarantee that all goods available in the Egyptian market are in compliance with specifications. Actions will be taken against companies and factories that produce goods that do not comply with specifications, and the rights of Egyptian consumers will be safeguarded.

Dr. Ibrahim Fawzi, the Minister of Industry and Mineral Resources, says that implementation of a comprehensive plan to protect the Egyptian consumer and assure production quality will begin in mid-April 1994. He added that the Ministry of Industry and its various agencies in the quality control field—the Board of Standards and Production Quality, and the Industrial Regulatory Agency—will participate in executing this plan.

Clearly, quality has become a basic element in the production process, especially with the application of free economic rules, marketing mechanisms, and the increased growth of private sector activity. Consequently, the importance of the role of competition among goods in the Egyptian market has increased. Minister Fawzi stressed that "we welcome honest competition. However, whenever it is not honest, if—for example—some merchants lower prices at the expense of quality, in order to increase the competitive possibilities of a specific product by illegal means, the role of specifications takes over. Specifications make clear the acceptable limits for the level of desired quality for each product." He added that if simple production defects are found in manufactured goods, that must be explained to the consumer and a distinction made between first-class and second-class goods. This can be done with regard to goods that are not connected to the citizens' health or safety, such as products of pottery and china for example, when the defect in its manufacturing is simple and would not affect the product's capability to perform its consumer function.

"As for goods dealing with the citizen's health and safety, their production specifications must be strictly adhered to. Any deviation from these specifications will result in speedy actions that could lead to production stoppage for the violators." He added that the Board of Standards' role will basically be to issue standardized specifications for products. "That will give assurances about the quality of goods entering the Egyptian market, both for goods manufactured locally or imported from abroad. This will result in stopping the importation of leftover and surplus goods and preventing attempts to bring them into the country, as if they were first-class goods for sale at lower prices, passing them off as products of a first-rate importer at a lower price than similar goods produced locally and with better quality."

The Minister of Industry stressed he will also be continuously supervising the issuance of specifications, through interaction with modern international developments and trends in the industrial arena. He added that the Board of Standards will issue compliance and quality seals. "Goods manufactured locally, as a condition for their circulation, must obtain the compliance seal. These products basically include goods related to citizens' security and health. The seal of compliance spells out the basic specifications required for the manufacture of these goods.

"There are also other products that should obtain the seal of excellence. This is optional for the factories and companies, which can ask that their products be given this symbol, after giving assurances that these products are superior and more than meet the minimum required specifications.

"The new system with regard to goods that obtain the seal of excellence includes the requirement to specify the advantages that these goods have, which lead to their obtaining that symbol. This gives the consumer an

opportunity to learn about them and confirm their fulfillment of those advantages in a practical way. If any consumer finds a defect in the conditions set forth for these goods that are marked as quality products, he can submit a complaint. If he finds any product with defects, the buyer can also complain either to the Board of Standards, the Industrial Regulatory Agency, or the Ministry of Industry. They will contact the manufacturing plant or company and take the necessary actions to safeguard the consumer's rights."

Dr. Ibrahim Fawzi added that, if complaints occur regarding goods that do not meet specifications, the Industrial Regulatory Agency will take the required actions to confirm the complaints' accuracy. If that is confirmed, several agency experts will inspect the plant or company that produced this merchandise. That is done in complete cooperation and coordination with the Board of Standards. When defects in certain products are found, the required actions will be taken against the factories that produced these goods. This includes withdrawing the seal of compliance. This seal is a basic requirement for merchandising these products. This applies to goods for which this symbol is compulsory. The seal of excellence will also be withdrawn from any product that has obtained it, when it is proved that it violates specifications. The new system includes, for each specified period of time, lists of goods that have received seals of excellence and compliance, as well as products from which those symbols were withdrawn. Periodic inspections will also be made of products that have received the seal of excellence. Samples will be selected at random and tested to ensure they adhere to the required conditions.

The Minister of Industry stressed the importance of the Egyptian consumer's right to obtain quality goods. This is basic to the protection of the consumer and the quality of products. The Ministry of Industry and its specified agencies are ready to offer any assistance required by the consumer in this regard.

Impact of New Customs Duties Reviewed

94LD0019A Cairo AL-AKHBAR in Arabic
16 Mar 94 p 3

[Article by Madihah 'Azab]

[Text] AL-AKHBAR sought to determine what producers, investors, financiers, and economists think of the new Customs Tariff in an effort to clarify the issue.

'Ali Nijm, former governor of the Central Bank of Egypt, believes that the new customs tariff is not protectionist, which was a foregone conclusion once Egypt signed the GATT agreement whose implementation is overseen by the World Trade Organization.

He said that it is common knowledge that the Organization seeks to fully liberalize the foreign trade of member states and that all countries are therefore proscribed

from any protectionism (against imports), subsidies (of exports), or dumping (of their products in other markets).

In fact, liberalizing foreign trade carries with it several advantages that the richer big countries may enjoy ahead of the poorer ones. Those advantages provide wider opportunities for investment, for workers, and for profit.

"Despite the reservations we have about the new tariff, it is only fair to say that it was necessary in order to avoid isolating us from the rest of the 95 other countries of the world that signed the GATT agreement and allowed the exchange of foreign trade among them.

"On the other hand, since we are a developing nation, the government should have carefully and thoroughly scrutinized the tariff to preclude those distortions that gave less consideration to economic impact than to levies and boosting revenues.

"Before it directs Egyptian investors and producers to improve and boost production, the state must first use certain laws, and whatever strategies it deems suitable, to address businessmen's and investors' complaints about the new tariff's negatives, such as raising the levy on production requirements. Such a step would maximize positives and alleviate the impact of negatives."

Wanted: Egyptian ISO [International Standardization Organization]

Dr. Ibrahim al-Siba'i, vice chancellor of Cairo University's College of Commerce, emphasizes that protection is lacking and says that "it is a mistake to believe that reducing customs tariffs does not remove the umbrella of protection from domestic industries. Whatever protection officials envisage is in the new tariff is passive and not positive. The government has reduced the fees on foreign competition at the same time it has imposed a levy on the production requirements of domestic industries. As if that wasn't enough, it levied other fees under different names in order to boost revenue returns and make up for lowering the customs duties.

"The government has forgotten, or has chosen to forget, that this would inevitably increase the cost of Egyptian products and consequently raise their price vis-a-vis foreign products in competition that is not at all fair, especially since most of our industries are in the infant stage and still need government support in the form of incentives that would help them improve quality. That is why Egyptian goods will not be able to persevere against their imported counterparts and will not be able to penetrate world markets by passing ISO's international standards of quality.

"The least the Egyptian government can do, in turn, is to insist on strict application of ISO standards for its imports and on not opening its markets to any product that does not meet those standards. Some of the Gulf countries have already done so."

A National Role, Absent

Dr. Hasan Abu-Zayd, chairman of the Accounting Department at Cairo University's College of Commerce, says: "We lack a distinct course and a defined target. If there is a consensus that the objective is to improve the quality of Egyptian products and boost exports, where then is the national role performed by the government in order to realize that objective which, in itself, represents our salvation from all economic woes?"

"The government has not made production requirements available at economic prices. Consequently, the new customs tariff did not remove production impediments. Recent customs modifications considered [treated] our national industries, most of which are still in their infancy, as if they were strong industries in no need for production requirements, and therefore considered them as finished products subject to duty in full. Only a few such requirements have been excepted, and the duty on them has actually been cut. But those reductions, unfortunately, are in form only and not in actuality since those few items have been made subject to additional fees under different tax categories.

"Most countries of the world protect their vital industries. Even America insisted that the GATT agreement cover its movie industry in order to ensure full protection for that industry. We are no less than those countries.

"The state must endeavor to supply production requirements at economic prices, to remove impediments to production, and to improve the investment climate in Egypt. Very briefly, it must provide for the Egyptian investor in our country the same conditions under which foreign investors operate in their own countries."

Investor Rida-Allah Hilmi (from Tenth of Ramadan City) also calls for comprehensive studies of each individual producer in order to identify its means of production. Lacking that, grave mixups would occur, as proved by the new tariff, and many production requirements would be treated as finished products subject to maximum duty.

He added: "We are not asking the impossible but we call for fairness...as most countries of the world do."

Between a Rock and a Hard Place

General Salim Zaki (from Tenth of Ramadan City) said: "I was surprised to find the new tariff totally different from what officials, including the prime minister and the minister of finance, led us to expect. They said it would provide great reductions for all means of production, but we see no reductions at all. What we see is a bizarre approach to the means of production, which the tariff treats as finished products, rather than semi-manufactured raw materials.

"How, then, can officials expect us, as investors, to produce output of higher quality and lower price? The situation is very thorny, and we find ourselves between a

rock and a hard place. Either we change our profession and activities from producers to merchants, or we close our factories in the face of the frightening losses that will accrue as a result of the latest customs modifications and seek another location that provides a better climate for investment."

Gen. Salim Zaki emphasizes that the situation is in urgent need of review and cannot tolerate a long wait, as officials are wont to do. "We must reduce the duty on the means of production in a real way that will enable investors to produce Egyptian products of high quality at a cheap price in order to enable us to compete with foreign products in a marketplace that has no mercy."

Chemist Lewis Bisharah says: "It is illogical for the new tariff to impose a 60-percent duty on the means of production required by local industries." (He was referring to the ready-made garment industry where the new tariff imposed duties of 60 percent on shoulder pads for mens and ladies suits, blouses, and mens belts, and of 40 percent on chest padding [hashawa al-sadr], and other items.

He emphasizes that this can only mean that prices of Egyptian products will be double those of their foreign counterparts and sometimes even more. He said: "How could the officials have overlooked that? If they consider the new tariff to be an inevitable step along the road, then we as investors see a need to follow this step with other urgent steps that take domestic industry into consideration and provide it with the means of protection...exactly as do other countries keen on providing better climates for investment until we reach the international level of customs duties that are paid by our investor counterparts in foreign countries."

Chemist Lewis Bisharah demands that spare parts be treated as machinery and equipment are treated and not as finished electrical products, because spare parts are as important as machinery and not less so. "How, then, can the new tariff subject them to higher duty than that imposed on tools and equipment? We are in urgent and pressing need for a reassessment and for solutions to all the problems generated by the new tariff."

Public Service Youth Project: High Cost, Low Gain

94LD0025A Cairo AL-AHRAM in Arabic
10 Mar 94 p 3

[Article by 'Izzat 'Abd-al-Mun'im and Fatimah Mahmud Mahdi]

[Text] Every year, the State allocates millions for the Public Service Project despite its many negative aspects. In particular, the project fails to make good use of the inductees, assigning them to locations unbefitting their specialties. It is also deceptive and superficial and the graduates who run it lack conviction. A whole government agency was created to administer the project. A

High Commission for Public Service under the chairmanship of the minister of social affairs has been formed of the undersecretaries of the Ministries of Planning and Local Administration, as well as of representatives of the Central Agency for Mobilization, the Supreme Council on Youths, and other agencies concerned with Community Service and with implementing Public Service Law in the districts and governorates.

Because Public Service is considered a "prerequisite" for employment, graduates view it as a year to waste for no purpose except to secure another job credential. Even though there have been calls to improve the project or abolish it altogether, and even though proposals have been submitted to that effect, nothing has changed and the project continues to exact funds and costs with no tangible benefit.

We solicited opinions from a group of female graduates who have been required to perform Public Service.

Suha Muwafi, BA in English Literature, said that "the newspapers reported that Public Service applications were being accepted for a limited period of time. I reported to the Public Service Bureau in my bailiwick where I was given an identity card and referred to their main office. I encountered several problems of red tape before I was assigned to a charitable health clinic. Such work, of course, does not fit in with my qualifications but, what can you do?"

She added that based on her experience, the year of public service should be considered as a year out of work. "I neither benefit my place of work nor do I benefit by it. It is my view that the system should be amended in order to match the assignment to the college major."

Ghadah Muhammad 'Ali, a College of Commerce graduate, who said that she was assigned to work at a cooperative society, described being in the service as a very difficult period and called for an amendment to the law that would help realize the purpose of the plan.

Muna Sayyid Muhammad, BS, advocated termination of "this system which lacks any redeeming value."

'Afaf Yusif, BA in history, pointed out that she was taken by surprise after she was drafted when her period of service was extended an extra month because she never reported to the Public Service Bureau to collect her remuneration of four pounds. Her failure to do so meant an extra month of service.

'Ubayr Hamdi, a law school graduate, demanded that the plan be rendered voluntary and not compulsory. She said that she secured an exemption from public service because it would have meant the loss of a suitable job opportunity at an attractive salary.

Suhayr Husayn, a 1993 Commerce graduate, added that she has no desire to do public service work because her friends have told her many stories that discourage any such inclination. She said that she would seek an exemption, which she heard could be obtained by submitting a

request to the Ministry of Social Affairs. The ministry no longer makes things difficult and readily agrees to grant exemptions in order to save the funds it pays female graduates for going into service. She called for abrogating the project.

No Discernible Value

'Alya' 'Abd-al-Mun'im, BA, said that her service at a cooperative society was incompatible with her degree. She believes that the service has no discernible value and merely delays female graduates from realizing their aspirations.

Classmate Wafa' Mustafa, with a degree in literature, added that people in service do not get paid enough to cover their cost of transportation to their places of work, and public service therefore imposes an additional financial burden on women graduates, who must pledge in writing not to accept other employment when in public service.

Hanan Radwan, BA in Arabic literature, said that she was performing public service at a charitable health facility, even though the assignment is a hardship on her family. She is married and has a child that must be looked after. Serving at a charitable clinic means working a night shift that sometimes extends to midnight, making it difficult for her to perform her maternal duties. She added that she did not wish to perform public service, but had to because she would be required to produce service or exemption documentation before she can secure employment.

She said that exemptions could be secured through patronage, which she lacked, and consequently could not obtain the release.

Useful Projects

Graduate Usamah Zuwayl advocates that the year of public service be spent on useful endeavors such as assigning a graduate to reclaim a tract of desert land which he or she would then get to own for a reasonable price.

Amal Fu'ad, a commerce graduate, said she was frustrated by mistreatment and repeated insults and threats by those in charge of the service who insisted that she do all the work.

Manal Ha'an, BA in cooperative agribusiness sciences, believes that the existing public service system is a failure and pointed out that she gained no benefit or skill from her assignment, even though she is nearing the end of her term. She calls for amending the system and abolishing the prohibition on employment during the period of service, since it pays very little and is not considered a real job. She suggested that the skills of inductees be utilized in a manner that would increase productivity and therefore raise their income.

Dearth of Planning

Thurayya Fahim, a public service specialist, believes that public service inductees are considered to be from the ranks of the unemployed and those to whom they are assigned sometimes refuse to allow them work. The solution would be for the female graduate to show up merely to sign in and no more. This reflects a lack of seriousness and control and the absence of necessary planning and coordination. Inductees are often assigned to locations teaming with employees without regard for major or field of study.

Patriotic Duty

Dr. Ahmad 'Umar Hashim is vice chancellor of al-Azhar University and chairman of the People's Assembly's Religious Committee—one of the committees that debated the public service issue. He believes that "public service is required of every citizen, be he an employed youth or otherwise, since it is a patriotic duty. The Service should focus, in my opinion, on the fields of health, public safety, social work, and rural development. These, as well as the eradication of illiteracy, are areas where public service could play an important role, provided that they are fruitful and of benefit to society."

When we asked for comments on the manner in which public service is being implemented, Mr. Sayyid 'Abd-al-Hadi, director of the Public Service Administration at the Ministry of Social Affairs, first requested the permission of ministry officials then begged off after those officials refused to allow him to talk.

The question we now pose to Dr. Amal 'Uthman, minister of insurance and social affairs, is why all this secrecy about ministry operations, which are for the most part social in nature? Experts with specialized national councils point at a number of negatives and impediments that surfaced with the field implementation of public service. Most significant among those is that local public service committees in the governorates are not serious enough and therefore are not implementing the plan with the required integrity. In most cases, the authorities do not control the inductees, making them carry out their assignments with due diligence and, thereby, properly utilizing their energies and contributions. Then there is the problem of over-induction in certain governorates, but not in those most in need. Cairo, Alexandria, and al-Jizah governorates account for nearly 60 percent of all inductees, but this ratio drops to 3.2 percent in al-Minya, 2.3 percent in Asyut, and 1.2 percent in Suhaj [this one is correct, I know that this has been spelled a million ways, but go with this one], which is one of the most densely populated governorates of Upper Egypt. Isma'iliyah governorate accounts for only 0.8 percent of, Suez for 0.6 percent, and Matruh for 0.1 percent.

Experts point a finger at the lack of funds to remunerate inductees and issue them incentives, at insufficient allocations for athletic and social activities, and at inadequate appropriations for training and for incentives to Public Service Administration workers.

Public service agencies also suffer from not having defined their needs of inductees, forcing them to mete out assignments without previous planning. The result is that some inductees complain of being assigned to units where they have no real work. Certain public service units complain of the overabundance of assigned inductees, while others suffer from dearth.

Evaluating the System

The public service issue was studied by two commissions—one organized in 1978 by the Central Agency for Organization and Administration, and the other formed of the Committee for Social and Religious Affairs and Endowments and the bureaus of People's Assembly committees for Youth, Defense, National Security, National Mobilization, and Labor Force. Their purpose was to evaluate the Public Service system and identify the problems that prevent it from realizing its objectives. They set out to do that by evaluating the most important aspects of the Public Service system, such as those dealing with drafting and qualifying graduates, with working conditions at their places of assignment, their remuneration, and other matters relevant to identifying the extent to which units have need for, and benefit by, the inductees assigned to them.

Those studies, which included some field trips to the governorates of al-Minufiyah, Isma'iliyah, and Port Said, concluded that the Public Service System, as it now stands, is in need of improvement and enhancement.

Experts with specialized national councils proposed a link between the Public Service System and the placement of surplus graduates on the basis of their level of education. That would help utilize those with intermediate and higher education in areas and spheres that match their disciplines or in fields where society needs more workers than it can attract, such as police work, nursing, and teaching. The majority of inductees would be assigned to help in the eradication of illiteracy within the framework of a comprehensive national illiteracy eradication strategy that would be implemented over a specific period of time in cooperation with the Ministry of Education.

The Failure to Eradicate Illiteracy

Ms. 'Inayat al-Fiqi, director of the Ministry of Education's General Administration for Adult Education and the Eradication of Illiteracy, spoke about the role of Public Service inductees in eradicating illiteracy, one which many believe could be fruitful. She said that Public Service inductees are accused of having a lack of seriousness about their work and of a lack of adequate commitment. "Consequently, we now exclude Public Service inductees from our illiteracy eradication programs. We used to seek their help in the past but that proved to be futile."

The Wrong Method

Dr. Sawzan 'Uthman, dean of the Social Services Institute in Shubra, believes that the methodology of the Public Service draft is faulty and accomplishes no positive results. She proposed that public service "target once every year a specific national goal, much as China did for the eradication of illiteracy and Cuba did about the sugar crop. Public Service performance should be characterized as being diligent, and controls should be instituted to guarantee that goal. We find that 40 percent of public service inductees are exempted [from service] by the Minister of Social Affairs. Another 40 percent register on paper only. Those who actually go to work and produce account for no more than 10 percent."

Dr. 'Ali-al-Din Muhammad, the Institute's assistant dean, emphasized that planning is important, in order to identify those with more need for inductees and to ensure that the latter "are assigned in accordance with their fields of study because the current method of assignment simply turns them into idle capacity."

SAUDI ARABIA

Saudization: Profits Versus Nationalism

94AE0090A Jeddah AL-MADINAH in Arabic
5 Mar 94 p 4

[Article by 'Imad Darwish]

[Text] With the rising role of the private sector in development, an increase in the hiring of Saudi workers is inevitable, in line with the role assigned to the private sector in the scheme of the gross national product. It is a strategic goal restated by the fifth and sixth development plans. And yet has this strategic goal been achieved as it should be in the private sector? Governed by considerations of achieving balance between the greatest possible return, and lowest possible cost, and it is seen that foreign labor is cheaper, making it possible to achieve the desired return. [sentence as published] So, what are the ways of increasing Saudization in the private sector? How can trained Saudi labor be provided to meet businessmen's requirements?

From Mr. Salih al-Tu'aymi, secretary general of the Riyadh Chamber of Commerce, who polled businessmen and relevant officials in the Ministry of Finance and the Ministry of Labor and Social Affairs, we find that there are three basic indicators. These are: the continuation by the private sector to meet its labor needs from sources that provide the greatest possible profit, which is the labor that offers lower wages and high qualifications. The other view is that the private sector should be directed to fill its labor needs from the local market, in order to provide more economic stability, to raise the rate of working capital formation, and the participation of the private sector in developing the abilities of Saudi Arabia's human resources by giving them the chance to

learn necessary skills. The third view involves the preparation of a timetable overseeing the readiness of the local labor market to assess how well it is meeting the needs of the private sector. It views the private sector as the most important sector for absorbing civilian labor in the Kingdom. The timetable would set out deadlines for all quarters affected by this issue, in both the private sector and government agencies.

National Demand

Al-Tu'aymi restated the goals of the successive five-year development plans in terms of human resource development—the Saudization of jobs by finding work for every able citizen, by which palpable successes may be achieved in the government sectors and some private sector institutions. The state has understood since the beginning of the development process that, while the importation of expatriate labor brings some economic benefits, the Saudization of available positions is a mandatory national demand that must be fulfilled, working with the limitation that there are not an abundance of qualified national workers.

The balance is one of costs and benefits, and the interrelation of economic, social, and political factors in defining the nature of the labor problem in the Saudi economy. That is, the state desires action larger than the capacity of the local market to supply the local needs, so it is necessary to bring in tens of thousands of expatriate workers to fill the gap between developmental needs for manpower and local manpower supply. This has imposed a delicate balance of the benefits obtainable through the use of national versus expatriate labor, defining the cost involved in hiring, and studying the needed profitability on the part of government institutions and the national economy. The determination of benefits and profitability is of costs at the private company level, for both local and imported labor. The decision to employ either one in an activity may be positive or negative, in the sense that a purely commercial measure as a basis of computing this factor is inaccurate if it does not take sufficiently into consideration the *indirect* effects of making a hiring decision. A businessman anticipates revenue from hiring a worker. The accounting produces a result in favor of expatriate labor, with the hiring company getting a profitability it would be difficult to achieve using local labor, given the open market, low customs fees, and the low wage level acceptable to imported workers, compared with what a national worker would accept. The use of imported labor is in line with company needs (profession, expertise, qualifications) and is not contracted unless the needed skills are offered. This leads to the expatriate worker being assimilated directly into the institutional activity. There is no training or familiarization period. In addition, an expatriate employee will accept a job any place in the Kingdom; this is not the case with a native employee, who prefers settled work. There is also a relative weakness in native workers' job stability: he is always looking for an opportunity for a pay raise, promotion, and better working conditions. And expatriate

laborer can be obtained in the numbers and types needed for company activity more quickly than national labor can be. This is because trained labor is available whenever it is sought.

Among the other factors that turned up in the Riyadh Chamber's questionnaire were the ease of getting rid of expatriate labor, should there be a drop in their level of performance, and the fact that the proprietor must pay installments of his share of the Saudi workers' social insurance. Furthermore, a Saudi worker may bother him during the whole workday, leaving the promotion process up to the private business owner.

National Benefits

In spite of these factors, the hiring of Saudi workers brings national benefits that exceed the cost of employing them, and which make them more economically profitable than hiring expatriate workers. One of these points is stability in economic activity, as these activities are based on workers who are not affected by changes in the Kingdom's labor market due to developments occurring in the home countries of expatriate workers, such as bans or limits on the movement of workers, or the existence of more attractive job opportunities for them.

By hiring expatriate workers, the Saudi economy bears indirect burdens, such as the financial remittances that these workers send back to their countries, with the volume of these remittances corresponding to the difference between the income of these workers and their consumption, which usually is in line with their level of consumption in their home countries. This situation creates an increase in the Saudi riyal supply versus free currencies. This may affect the exchange rate between the riyal and those currencies, and of course this corresponds to the extent of the drain on the Saudi economy with the expansion in the hiring of expatriate labor. As to the growth in use of national labor, the development benefits within the Saudi economy will increase in a self-sustaining way, with the capital accumulation it brings.

The increase in importing expatriate labor leads to Saudi workers being deprived of the chance to learn the technical skills necessary to the continued expansion of the development process, as the national economy is deprived of the expertise that is compounded in the course of this process, when the expatriate workers return home.

Improving the financial circumstances of Saudi consumers permits them to reduce a better part of the course of the national economy's financial outflows, and its stability.

[Hiring Saudis] safeguards the values, customs, and traditions of Saudi society that stem from Islamic law, while expatriate workers come from many diverse—and non-Arab—sources.

Strategy of Replacement

The fifth development plan emphasized the replacement of expatriate labor with Saudi labor to an extent greater than finding new job opportunities; the plan aimed to orient 220,400 workers with the goal of replacement, representing 50.8 percent of total Saudi labor with the chance of increasing it over the years covered by the plan, versus 213,500 employed workers with new job opportunities, representing 49.2 percent of the same total. The plan included the orienting of a higher percentage of new Saudi workers, destined for clerical affairs; the campaign of target workers in this activity reached 119,300 workers, with a 27.5 percent of the total target increase in workers in the plan's time period, against a goal of orienting 59.1 percent of the workers in various productive sectors, with 13.6 percent of this increase. The plan aimed at reducing agricultural labor by 25.1 percent, representing 5.5 percent of total workers employed, despite the increased importance of agricultural activity and its role in driving the development process, both in terms of other productive sectors and of the national economy. Figures showed a 13.9 percent reduction in technical and vocational labor in the total labor picture. This figure does not include the number of Saudis expected to be hired out of technical, training, and vocational institutes, though one may remark here that university graduates represent 12 percent of labor targeted for increase over the years covered by the plan, as against 15.7 percent of workers pre-elementary level and 22.1 percent of workers with certificates of completion of the elementary level only. It may be noted that the five-year plan's estimates could result from a base anticipation of 218,700 workers entering the private sector, who left schools the intermediate level, representing 50.4 percent of total targeted labor, with regard to the schools run by the Ministry of Education and the General Directorate for Women's Education.

Addressing the size of the problem, we must point out the inactive surplus of workers in the Kingdom. These workers represent a demand for work in government agencies and the private sector. The five-year plan anticipated an increase of 334,900 Saudi workers over the five years, of which 220,400 would replace expatriate workers, who number 173,500, a net increase over the work force. That is an average level of 86,700, 41,000, and 42,700 workers respectively, of which the private sector would absorb 47,000 in the period 1988-1991, at an annual average of 18,500. This would be the annual average surplus of Saudi labor, 68,300 workers, with government agencies absorbing an average of 8,300 workers per year.

According to the study made by the Riyadh Chamber of Commerce and Industry, an average of 12,000 workers annually get jobs in the private sector through employment offices. This is an average annual increase in new private firms, with an annual average labor surplus of 48,000. This does not generally mean a problem for the Saudi economy, given the private job opportunities

available to some, who prefer voluntary unemployment, and others, who work in non-civilian sectors.

Linking Loans to Saudization

To encourage the private sector to hire Saudis, Dr. Sayyid Fathi al-Khuli, Professor of Economics at King 'Abd-al-'Aziz University, in a study of the private sector's actual manpower needs, emphasized that vocational and technical training institutes should graduate the kinds of workers the private sector actually needs. He also proposed linking the government's agricultural and industrial loans to the private sector to an actual commitment on the part of the borrowers to have no less than 10-percent Saudi employees. And this percentage would gradually rise. He supported the preparation of a field study to find the reasons for Saudi youth's aversion to private sector work, and the real reasons for the private sector's aversion to hiring Saudi workers; and in the light of these studies, appropriate solutions would be found.

Prof. Ibrahim Kamal, chairman of the Chamber of Commerce in al-Ta'if, is of the opinion that Saudi youth are responsible and capable of work in various trades. In recent years, he said, numerous classes have graduated from the training centers and industrial institutes. They have been trained in the most modern systems and methods. This highlighted the role of the Council of Saudi Chambers of Commerce in perceiving the private sector's actual needs for Saudi labor, and in organizing training courses, both in terms of direct hiring and prior training based on studies of the labor market's actual need.

Rise in Local Workers

Turning to the subject of the extent of the private sector's dependence on imported labor, the economic study prepared by the Riyadh Chamber of Commerce made it clear that the number of Saudi workers in the private sector would not decrease over seven consecutive years. Expatriate labor, on the other hand, would decline, meaning an increase in Saudi labor in the private sector, from 16 percent in 1985 to 17.8 percent in 1989.

This increase has kept mounting in subsequent years with the growing role of the private sector in development, and the government's increased attention—through government agencies and the Council of Saudi Chambers of Commerce—to supplying and training Saudi workers.

Detailed Calculations

The Riyadh Chamber of Commerce study recommended that more attention be given to manpower research, by continuing to conduct regular censuses; detailed calculations, such as of workers in various activities; and their distribution in terms of job and nationality. It also recommended behavior studies in the labor market to find positive and negative aspects and deal with them; it recommended a study of habits and traditions that belittle the worth of manual labor, and an attempt to

inculcate new concepts in our youth to accentuate the worth of manual labor in service to the nation.

Summary

A sampling of opinions among the economists and field studies on ways of promoting Saudization led us to an important fact, which is that channels must be created for ongoing liaison between the private sector and Saudi manpower, through the Kingdom's chambers of commerce, to determine the actual needs of the national sector; plus the organization of training courses in line with market needs, and training workers for management; and directing youth to appropriate positions in line with actual needs. They also highlighted the importance of studying the labor market and its movements, watching for negative aspects from time to time; studying jobs to which Saudi youth have an aversion, in order to find solutions; finding ways to encourage the private sector to hire Saudis, such as linking loans to the degree to which private firms Saudize; and granting incentives in the form of reduced customs fees, charity, and income taxes for companies that achieve high degrees of Saudization. All of this must be achieved in the context of an integrated strategy with the specific goal of Saudization and the methods needed to meet this goal.

Al-Dabbagh on Reduced Budgets, Arbitration Center

94AE0090B Kuwait AL-ANBA' in Arabic
12 Mar 94 p 13

[Interview with 'Abdallah al-Dabbagh, secretary general of Saudi Council of Chambers of Commerce, by Ahmad Rashwan; place and date not given—first three paragraphs AL-ANBA' introduction]

[Text] Perhaps the major trait of the budgets of the GCC [Arab Gulf Cooperation Council] countries this year is their general trend toward decreases. This is seen as a realistic and wise step in adapting to the changes imposed by circumstances in the global oil market.

This is according to 'Abdallah Tahir al-Dabbagh, secretary general of the Council of Saudi Chambers, in a wide-ranging interview with AL-ANBA', in which he said that the world is today experiencing a period of enormous changes, which the economic managers of all the GCC countries are trying to grapple with. Their first priority is to maintain the strength of each country's national economy, and their continued growth, through local and foreign fiscal support and stability. The interview also includes an assessment of the joint economic course of the GCC states, from the signing of the unified economic agreement until the present. Al-Dabbagh said that, despite achievements at the economic level, there are some problems and difficulties that hamper the economic course. The interview touched on the GCC states' economic and trade relations with economic and global factors, the development of the dialogue with the

United States, the European Community, and Japan, as well as the importance of the commercial arbitration center, which the Riyadh summit agreed to set up. He confirmed that this center would be basic support for the protection of GCC citizens' rights, and would conclude legal difficulties they face in foreign arbitration centers.

Al-Dabbagh also shed light on the economic reform measures that have been enacted in several Arab countries, and the extent of their involvement in promoting trade and investment cooperation among Arab countries, in addition to the biggest obstacles to investment that still exist in the region.

The text of the interview follows:

[Rashwan] How do you assess current economic conditions in the Gulf region? To what extent has the oil slump affected economic activity in the region in general?

[Al-Dabbagh] To start with, I must say that we are living in a period in which the world is experiencing enormous changes. So the economic managers in all the Gulf countries are eager to adapt to them in such a way as to maintain, first of all, the strength of the national economy in each of the Gulf states, and their continued growth, by supporting local and foreign fiscal stability. The first tool is the maintenance of the value of the currency of each country, and strengthening them, to handle the prices of foreign currencies; that would be a basic guarantee of the continuity of self-sustaining growth.

Naturally, the fall in oil revenues is having an effect on the economies of the region, but not to a very large extent; this is thanks to the Gulf states' policy during the years of high oil revenues of building an infrastructure, raising the citizens' standard of living, and raising the standard of public services, especially educational, health, and social services. This policy was a great success, as anyone who follows the renewal movement of the Gulf states can see.

The Gulf states also succeeded, in the same time period, in creating large financial reserves, easing the process of adapting the Gulf states' economic policies to the reality of reduced oil revenues. The governments have adopted wise fiscal policies to adapt the economy gradually to the new level of oil revenues. This can easily be seen in the development plans.

Wise and Realistic Decision

[Rashwan] All the GCC state budgets announced cuts, as a result of many global factors. How can this be dealt with, in your view, in such a way as to maintain the energy of the development process?

[Al-Dabbagh] In the beginning, we may point out that the Gulf states who have announced their budgets so far are Saudi Arabia and the Sultanate of Oman. The budgets of the United Arab Emirates and Kuwait are in

the final review phase. Whatever the position now on issuing GCC state budgets, the budgets' major trait is the general trend toward reduction. This may be seen as a realistic and wise measure, to adapt to changes abroad imposed by conditions in the global oil market. In any case, even if these budgets are being reduced, if we want to have a deeper and more comprehensive understanding of the meaning of these budgets, we must look beyond these numbers themselves, to the long-term meanings of a number of local and global indicators and data. If we look at the Saudi budget as a specimen of the GCC states' new budgets, we can say that this budget is excellent, given prevailing global conditions. This is because Saudi Arabia has not become a debtor nation, nor is it unable to meet its commitments; nor has it abandoned its large economic projects; nor has it taken other routes that might have led to doubts about the soundness of its economy. The decision to reduce government expenditure is only an unforeseen, stand-by measure in the Saudi economy; and it represents, in itself, a strength hidden inside the economy, whether in terms of allocating many government assets, or rationalization—especially after the Kingdom's success in creating and developing a national sector that is growing and maturing every year, in a way that has enabled it to play a leading role in stimulating the Saudi economy. This has led to the reduction in the importance of government spending in stimulating economic activity at the expense of that sector's investments. In another sense, government spending now represents just one factor—even if it is the most important one—of a group of factors affecting economic movement in the Kingdom and numerous other GCC states, too.

The Private Sector

[Rashwan] How do you view the role of the private sector at this stage, with Saudi resources dwindling due to the drop in oil prices. More specifically, what is the role of the private sector at this stage?

[Al-Dabbagh] As a result of ongoing conditions in the world oil market, wise government policy has required us to adapt to the drop in oil prices. This is because oil revenues represent 75 percent of the state's total public revenues, and as a result, state spending has declined 20 percent in the new budget. A realistic analysis of this decline is that, in the big picture, it is consistent with the course set out in the development strategy of the Kingdom's plan beginning with the sixth development plan (1415-1420 [1995-1200]), which strongly emphasized a clear policy opening the way for private sector initiatives in the areas of investment and financing. This is in line with the plan's intentions, and to a large extent opens the way for the private sector to have a leading, even a commanding role in the development process. So the decrease is not part of a deflationary policy aimed at lowering total spending in the capital economy; it is the expression of changing places between public spending and private spending. More specifically, it is an attempt to change places in development efforts with a partial transformation of the government's role in funding the

development process, into a basic role of the national sector in the future. This would encourage one of the main items in the statement of the minister of Finance and National Economy: that the national sector maintain its effectiveness in developing the growth rates of the local product, despite the decline in oil revenues. This means that one may expect the drop in public spending to be compensated by an increase in private spending, or, more generally, to boost the role of the private sector in the development process, and its financing.

Achievements and Difficulties

[Rashwan] How would you assess the joint economic course of the GCC states since the signing of the unified economic accord?

[Al-Dabbagh] Before answering this important question, I would like to say that, despite the short time that has elapsed since the formation of the Gulf Cooperation Council, its economic achievements are clear. Its efforts have made great strides on the road to economic integration, cooperation, and coordination, and this success has led to new effectiveness and increased success.

The GCC states' unified economic accord, with its policies and joint economic programs, has had many significant economic achievements. There are, as well, some problems in implementing the accord, which GCC leaders are acting to redress, in order to implement the accord implemented quickly. Perhaps the most significant economic achievements are:

First, in the area of economic citizenship and equality of treatment:

- The natural and legal citizens of the GCC states are allowed to pursue most economic activities, with gradual equality with the citizens of the countries in which they engage in these activities. All professionals and most vocational workers, including consultants, may engage in their professions and vocations in the GCC states. They will be accorded the same treatment as the citizens of the host countries. This includes wholesale and retail merchants.
- It gives the citizens of GCC states the right to obtain loans from banks and industrial funds.
- It permits the citizens of GCC states to own land for residential purposes.
- It accords all GCC citizens equality in tax treatment, the same as that of citizens in the host GCC-member country in which they are engaging in economic and investment activity.
- It allows the citizens of GCC states to own shares in joint ventures and new companies active in various economic activities.
- It achieves equality of treatment at the elementary, intermediate, and secondary levels of education, and seeks to achieve equality in university-level education and unification of procedures in academic degrees and elementary, intermediate, and secondary diplomas and certificates. In the same area, it was

decided that the citizens of GCC states resident in or visiting any GCC state will receive equal treatment when going to health centers, clinics, and public hospitals.

- Customs tariffs were voided for agricultural and livestock products, and natural resource and industrial products from national installations, as from March 1983.
- Natural and legal [citizen] producers may export their products directly to another member country, with no need for a local agent.
- In addition, production units will be allowed to open offices to promote their products and services to their customers with no need for a local agent.
- In government projects and government purchasing, priority will be given to national products and products of national origin.

Finally, the necessary facilities will be offered to ships and boats owned by any of the member countries or their citizens, and they will receive treatment equal to that of a local ship.

Second: In the area of coordinating and unifying GCC states' policies:

- Goals and policies of development plans:
- A joint agricultural policy.
- A unified industrial development strategy.
- An oil lending system.
- A regional emergency plan for petroleum products and their exchange among GCC states.
- Goals and policies for negotiating with countries and economic blocs, in addition to a cultural development plan.
- Policies and general principles for protecting the environment in GCC states.
- A document on controls on foreign media.
- A charter on media honor.
- Unification of prices and fees on services, including fuels.

Third: the area of joint ventures and the establishment of joint institutions. This is an area in which the GCC states have enacted numerous laws and measures aimed at encouraging joint ventures, among them:

- Regulations for coordinating the establishment of industrial projects and the establishment of a permanent committee for the encouragement of coordination in setting up projects, studying any problems faced by existing projects, and finding solutions for them.
- Enacting a system for the joint protection of national products.
- Adopting unified standards for major commodities.
- Organizing annual commercial exhibitions to coincide with summit conferences.
- Allowing citizens to own shares in some companies.
- Establishing a permanent committee to encourage small industry.

Since the founding of the GCC, a number of joint institutions have been founded: the Gulf Investment

Organization, the GCC States Standards and Specifications Commission, the Technical Liaison Office, the GCC Program to Support Development in the Arab Countries, the Joint GCC Office with the International Civil Aviation Organization, and the GCC Center for the Protection of Intellectual Property.

Fourth: in the area of intensifying channels of contact and networking, we have seen:

- The establishment of the Gulf Marketing Association, registered in Bahrain.
- The High-Pressure Electrical Engineering Association, registered in Qatar. There are also joint programs and camps to foster youth-related, athletic, cultural, artistic, and theater encounters.
- Regular meetings with chambers of commerce and industry to keep them informed of the GCC's economic decisions, and for them to discuss the formulas of decisions that affect them, listen to any complaints, and give their views on collective action.

Gulf Chambers

[Rashwan] Will there be a role for the Gulf chambers to play in the future to increase cooperation and help achieve the stage of economic integration among the GCC states?

[Al-Dabbagh] Despite the GCC's economic achievements, there are still some problems and obstacles hindering the economic course. So there is an important kind of cooperation and coordination among the councils and federations of chambers of commerce in the GCC states. This cooperation and coordination is based on a partnership in solving the problems and obstacles that are hindering the economic course, so that the implementation experience does not hit stumbling blocks. The councils and federations are working on liaison, coordination, and cooperation among themselves in the area of consulting, exchanging views, arranging meetings and conferences, preparing joint studies in areas of economic activity, or through joint cooperation on service and productive projects to whose capital GCC businessmen can contribute. They are also simplifying the procedures for GCC businessmen engaging in commercial, industrial, and service activities in other countries, all in accordance with the accord, and with the help of the federation of chambers of commerce.

Of course, the councils of Gulf chambers have an important role in the next phase, which will require the GCC states to face all the difficulties that stand in the way of implementing the unified economic accord, on the way to the point of economic integration among the Gulf states.

Arbitration Center

[Rashwan] How do you view the importance of the Gulf commercial arbitration center the Riyadh summit decided to establish?

[Al-Dabbagh] The decision of the recent Riyadh summit to establish a commercial arbitration center for the GCC states came at the same time as the Saudi Cabinet's resolution that Saudi Arabia would join the New York Agreement, to acknowledge and implement the rulings of foreign arbitrators. Needless to say, these two events are the beginning of a new era of international commercial arbitration at the GCC level.

Turning to the importance of the Gulf commercial arbitration center, this center will be a basic support for the protection of GCC citizens' rights. It will conclude the legal efforts they are enduring in foreign arbitration centers, because of the lack of recognized Arab or Gulf arbitration centers. On another front, the fact that Islamic law is the legal basis for settling commercial disputes, and the law that must be applied in disputes brought before the center, prevents the Muslim merchants of the Gulf from being subjected to foreign legal regulations that may contain outright contraventions of Islamic law, as used to happen. Naturally, the establishment of this center will encourage foreign firms to invest in the Gulf and boost the volume of their commercial dealings in the Gulf markets; they will have confidence in its legal foundation, and commercial arbitration will be an acknowledged principle in the settlement of any disputes between them and a Gulf entity. It is enough that it will be possible to stipulate in contracts ratified by two sides that disputes between the two sides will be settled by arbitration, in accordance with the measures and regulations of the Gulf commercial arbitration center.

Investment Obstacles

[Rashwan] What are the chief obstacles to investment you think still exist in the Arab region? Do you think the Gulf region is a place that can absorb funds invested from abroad?

[Al-Dabbagh] Actually, the question of investment obstacles in the Arab countries has become a basic subject at any conference or Arab economic meeting. If we look at the laws that promote investing in the Arab countries, we may say that these laws have not had a practical and palpable effect at the pan-Arab level. This is due to many basic factors, chiefly the fact that these laws are just one factor out of many that make up the general investment climate in a given country. There are other economic, political, and social factors that play an important role in attracting and guiding foreign investment. There is evidence that the investment atmosphere in the Arab world, particularly in the private sector, is still full of obstacles. This has been confirmed by the results of a new questionnaire produced by the Arab Investment Guarantee Organization on the investment climate in the Arab world. It was circulated among a select group of Arab investors in diverse Arab countries. The results of the questionnaire indicated that the greatest obstacle was bureaucracy, the difficulty of registration and licensing measures, limited local markets, the lack of clarity and stability of the investment laws in some countries, and instability and slumps in the value

of the local currency of some other countries, in addition to the lack of trained manpower. Turning to the investment climate in the Gulf states, we may say that, in light of current circumstances, the GCC states are seen as being among the most attractive areas for investment, thanks to the political stability they enjoy; their financial resources, which are sufficient to fund their industrial activities, or to participate in them with foreign investors; adherence to the principle of free economic activity; and encouragement of private initiatives. I may add that the GCC states have advanced infrastructures and a significant strategic location, and they enjoy a high per capita income and a strong consumer inclination.

REPUBLIC OF YEMEN

Al-Ahmar Family Said To Be Front for Fundamentalists

94AE0091A Paris AL-WATAN AL-'ARABI in Arabic
18 Feb 94 pp 20-21

[Article by Sa'id al-Qaysi: "Secret Network Rules North Yemen Using Saddam's Methods!"]

[Text] Yemen is on the threshold of war. The statement this time was made by President 'Ali 'Abdallah Salih's vice-president in the General People's Congress [GPC], and it is considered to be true by all the people in power, by observers, and by Yemenis who are awaiting the catastrophe that is bound to happen—after everybody has crossed the redline and reached the point of no return; after the latest crisis has revealed behind-the-scenes activities in the regime, the contradictions of the rulers, and the absence of a unified authority. In this report from Sanaa, AL-WATAN AL-'ARABI reveals a [hitherto] unknown part of the background of the conflict going on in Yemen, the part that has played an important role in escalating this conflict and bringing the situation to a head. It has to do with the makeup of authority in Sanaa and the secret network built up by President Salih—or rather, which he participated in building up—in order to govern Yemen according to Saddam Husayn's methods. This is being accomplished by means of a "secret alliance" between the family and tribe that many people say rules Yemen, that is, the al-Ahmar family, and the extremist fundamentalist groups that have entered the arena and converted President Salih into their hostage, whom they threaten to expel any moment. It is known that southern Yemen is ruled by the Yemeni Socialist Party [YSP], but who really rules northern Yemen, and what is the role that the fundamentalist groups and Arab Afghans play there?

"Yemen is a country that is out of breath." Most of the people in government and observers agree with this remark. And there are those who are awaiting a catastrophe. This may happen because there no longer is anything to stop it, and everybody has crossed the redline. There is no authority. In the North, authority is in "unknown hands," as some of the educated people have said.

Talking about authority in Yemen is something that opens doors to a strange world that the crisis began to reveal and that has given it its dimensions. Everybody has come to know what is going on and who the bosses are—the family, the tribe, and the extremist fundamentalist groups. As for the corruption, this is a complete world unto itself, and stories concerning it have become regular fare at places of relaxation and khat-chewing rooms. "Nothing is new," according to a professor of sociology who has been in jail and does not care to go back there.

First there is the question of who is in charge. Who rules northern Yemen? The professor of sociology says: "We have a new royal family in the guise of a republican cover. We have the Bayt al-Ahmar monarchy in Yemen. Bayt al-Ahmar is one of the villages belonging to the Sanhan tribe located not far from the capital city of Sanaa. The al-Ahmar clan is considered to be one of the clans of the Hashid tribe which is headed by Shaykh 'Abdallah Bin-Husayn al-Ahmar, head of the Yemeni Chamber of Deputies and head of the Higher Committee of the Yemeni Reform Grouping [YRG] (the political facade of the Muslim Brotherhood).

In northern Yemen, all power is in the hands of the al-Ahmar family. The village of Bayt al-Ahmar was not known until it was at the center of events when one of its native sons, Lt. Col. 'Ali 'Abdallah Salih al-Ahmar, took over the reins of power in 1978 after two presidents of the republic were killed in mysterious circumstances; they were President Ibrahim al-Hamdi and President Ahmad Husayn al-Ghashmi. From that time until today, the al-Ahmar clan has endeavored to consolidate its power and influence in the government, following the pattern of Saddam Husayn in Iraq.

The important positions in the military establishment and the security apparatus are occupied by the president's brothers, cousins, in-laws, and uncles—in other words, by blood relatives—and they are followed [in the hierarchy] by the other members of the clan. This is true in spite of the existence of the Yemeni Socialist Party [YSP], which has become merely a showcase. The head of the party and president of the republic does not trust anyone except individuals in his family and clan. For this reason, he has placed them in the most important military and security-related positions.

An examination of the rosters of the various commands of the armed forces in northern Yemen shows that most of the commanders of the brigades and units and all the management of the (technical, operational, and financial) offices in the armed forces and security apparatus are persons who are from the same tribal grouping, that is, Sanhan.

If anyone from any other tribal grouping occupies any of these positions, then he is at least from Hashid, the overall mother tribe.

Rule by Bayt al-Ahmar

One notices that Bayt al-Ahmar, the birthplace of the president, accounts for the lion's share of the top positions, in fact, about 48 percent of them. Bayt al-Ahmar is then followed by the villages of Sayyan, Wadi Silmok, al-Jarda', and al-Dhanin. We find that Bayt al-Ahmar and four of its neighboring villages account for most of the top positions, that is, 22 of them, and this constitutes about 70 percent of the total. Consequently, we can say that many of the other villages inhabited by people belonging to the Sanhan clan do not enjoy the confidence of the president. In addition to this, no effective military command position is occupied by anyone from the Bakil tribe, which is Yemen's largest tribe that follows the Zaydi school of Islam, as do the Hashid tribes. Also, the areas of Ma'rib, Ta'izz, al-Hudaydah, al-Bayda', and Ibb, whose people follow the Shafi'i school of Islam, have no presence in the power structure.

The following is a list of persons who occupy the top positions:

Col. Muhammad 'Abdallah Salih al-Ahmar—the president's brother, commander of the central security units, which are deployed throughout Yemen's cities.

Col. 'Ali Salih 'Abdallah al-Ahmar—the president's half-brother by his mother, commander of the Republican Guard which is composed of 30,000 highly-trained soldiers armed with various modern advanced weapons.

Col. Muhammad Salih 'Abdallah al-Ahmar—the president's half-brother by his mother, commander of the Air Force and Air Defense Forces.

Col. 'Ali Salih Ahmad Muhsin al-Ahmar—the president's half-brother by his mother, commander of the artillery units in the Governorate of Sanaa.

Col. Muhammad Ahmad Isma'il al-Ahmar—the president's brother-in-law, commander of the 8th Brigade and commander of the troops stationed in the east.

Col. Muhammad 'Ali Muhsin al-Ahmar—relative of the president, deputy commander of the air defense affairs [branch] of the Air Force.

Col. 'Ali Muhsin Salih al-Ahmar—relative of the president, commander of the 1st Armored Division (Sanaa).

Col. 'Abd-al-Malik Ahmad al-Sayyani—from the village of Sayyan (Sanhan), chief of the general staff.

Col. 'Ali Ahmad al-Sayyani—from the village of Sayyan (Sanhan), chief of military intelligence.

Col. 'Ali 'Ali al-Sayyani—from the village of Sayyan (Sanhan), commander of the 1st Missile Brigade.

The list is long, and clearly indicates what the power structure is.

However, what about the regime's activity as related to terrorism, a matter which many people, both inside and outside Yemen, are talking about?

"Fundamentalist terrorism," in particular, intensified rapidly around the end of 1991, that is, after unification, and it has targeted the YSP and the opposition parties. However, since the end of 1992, investigations have begun to reveal the links of the terrorist fundamentalist groups, particularly after the attempt to assassinate 'Ali Salih 'Abbad, nicknamed "the Next One" [al-muqbil], who is a member of the Political Bureau of the YSP, and the explosions which targeted the Aden Hotel. The investigation revealed that the organization responsible was the Islamic Jihad movement, which is considered to be the military wing of the Muslim Brotherhood movement, led by Shaykh 'Abd-al-Majid al-Zandani, the strong man in the Reform Party, who is also a member of the Presidential Council, the highest body of authority in Yemen.

Weapons from Somalia and Sudan

According to official information, the Reform Party constitutes the political facade of the Muslim Brotherhood movement, which has been historically linked to Egypt since the sixties. However, starting in 1988, the movement began to change. It was restructured, by means of the creation of a military wing, during the war in Afghanistan. A total of 100 soldiers were sent to Afghanistan to participate in the war and to train, and Sanaa has become the gathering point for a number of young Arabs who fought with the freedom-fighters in Afghanistan. In Sanaa they were supplied with official papers and travel tickets, and the main financier of these operations was one of the tribal leaders.

After [the war in] Afghanistan, the power struggles began. Several groups emerged, one of which was led by Yasin 'Abd-al-'Aziz, a Shafi'i from Ma'rib who is not a bloody type and is not allied with the power structure. There is also a group known as the "Party of Iran," since most of its members regularly travel to Tehran.

In Sanaa, the "Arab Afghans" enjoy great freedom, live in "villas" in wealthy residential neighborhoods such as Hiddah [name as transliterated], which is where 'Abd-al-Majid al-Zandani's residence is, and they have offices on Hiddah's main street. Usually the "Arab Afghans" engage in political activity in Sanaa and go there to rest before returning to their training camps located near the city of Sa'dah, in the far north, in the Ma'rib area, and in the Maraqishah mountains on the [former] border between the North and the South, near the southern Governorate of Shabwah. These camps are financed by the Reform Party and a wealthy Yemeni living in Khar-toum whose name is Usamah Bin-Ladin and who is a friend of Shaykh al-Zandani.

Reports indicate that the terrorist groups have strong ties to the military commanders, especially the brigade and unit commanders, since the groups are transported in military vehicles. Some of the military commanders are

directly responsible for some of the actions of terrorism. There is, for example, the officer Salih Dahmash, who is in charge of a cell in the southern Governorate of Abyan. He works under the command of Col. Muhsin al-Ahmar, commander of the armored division, who is the regime's strong man. Their weapons are transported in boats from Somalia and Sudan. Some of them go to the coastline of southern Yemen, and the rest are transported to the eastern coastline of Egypt on the Red Sea.

Official sources indicate that the fundamentalist groups have become so strong that they are threatening the regime of 'Ali 'Abdallah Salih. One person close to the president says that the problem is a very grave one, since these groups have capitalized on the crisis and have contributed toward inflaming the situation for the purpose of undertaking a palace coup and replacing the president with somebody else in his family who is from the Hashid tribe. 'Ali Salim al-Bid, the vice-president and secretary general of the YSP, says only that more than one Lockerbie-type of terrorist operation is being hatched in Yemen.

Experts Discuss Conciliation Accord

94AE0091B Jeddah 'UKAZ in Arabic 21 Feb 94 p 5

[Text] After the various Yemeni political factions signed the Pledge and Accord Document, which was arrived at as a means of finding a way out of the burning political crisis in Yemen, has the crisis now come to an end with the signing of this document?

Has trust been established once again among the factions, and have both the incidental and basic disputes been settled? What is the future of Yemen's situation in view of this document, and how is it possible to put it into practice?

'UKAZ brought up these questions with some experts, and here are their opinions.

Dr. 'Abdallah al-Qabba', professor of political science at King Sa'ud University:

Gaps in Document Threaten to Paralyze It

If we take a careful look at the population map, economic situation, and political legacy of both parts of Yemen, we will find that the atmosphere that led to the unification of the two countries was, and still is, characterized by a type of suspicion and mistrust. We would also find that the tribal mentality, difference in political experience, and disagreement in views are some of the factors that have prevented the achievement of an ideal pattern of unity anticipated by the Yemenis.

Due to lack of clarity, the fact that political leaders resorted to delusions and wishful thinking, and refusal to recognize reality, the Yemeni experiment was pregnant with a host of contradictions and surprises, leaving the field wide open for individual interpretations and an approach that is unregulated, undisciplined, and does

not involve political practices that possess modern administrative and constitutional frameworks.

Yemen's experience has been that of using assassination as a means of expressing protest and lack of satisfaction during past regimes, and the current ruling elite still deals with its opponents and enemies in this fashion and with this mentality. We often find expressions of this in the ethics of political acts in Yemen as well as in the terms used by thinkers and political parties.

Although Yemen's modern political history has already witnessed many reconciliation agreements—in particular, those which took place in Cairo, Tripoli, Kuwait, and Sudan—many people interested in Yemeni affairs are still hoping for success in the case of the Pledge and Accord Document which everyone prays will solve the problems that still exist between the two leadership groups that are fighting for power in Yemen.

Without entering into the details of the document, we hope that Yemen's leaders will rise to the occasion of the events and give priority to the factors of stability, and particularly that wisdom triumph over personal interests and aspirations and that disputes over trivialities not lead to a destructive civil war.

The Pledge and Accord Document is full of gaps and holes. There is also fear that there will once again be a dispute concerning interpretation of clauses dealing with local rule, merging the armed forces, and the right of disposal of public wealth and resources, and that this will lead to total paralysis of this agreement and consequently a return to the sanctioning of division and fragmentation of the country, as a prelude to a situation that could be even more deadly for Yemen and its people.

Hassan al-Mudallal, Yemeni writer:

The Time-Bomb Agreement

The agreement that bears a promising and ambitious name is called the "Pledge and Accord Document," and was made by the parties who took part in the Political Forces Dialogue for Building a Modern Yemeni State. It was an emergency rescue action that can, at best, be effective during its first phase. Although the agreement has created an atmosphere of optimism, it is necessary to call attention to the time bombs contained within it. These time bombs could cause matters to revert to their previous state or even worse, particularly since some people have already begun to speak of "victories."

It is clear that the agreement, in large part, constitutes a response to the document of eighteen points drawn up by the Yemeni Socialist Party [YSP] during the beginning of the crisis. This is something that has made it possible for some people to talk about "victories," and something that has postponed, by a few months, the matter of taking up issues that require the establishment of an immediate mechanism for implementation, such as the merging of the armed forces, the anchoring in place of

administrative decentralization, and the fear that a dispute will erupt once again concerning this point—which, it appears, was one of the basic reasons for the outbreak of the crisis.

Verbal duels took place between the leaders of the General People's Congress [GPC] and the YSP just a few days after the agreement was arrived at. This has not allowed Yemenis to feel reassured and has impelled 'Abdallah al-Jifri, a member of the National Dialogue Committee and the leader of the People's Congress Party, to say that he does not believe that the parties of the coalition will implement the Pledge and Accord Document because it lacks a sound mechanism for implementation. He adds that these parties do not trust each other, and that this makes it difficult for them to implement the agreement. Some observers point out that what is happening is a postponement of the big explosion. Others believe that the Yemenis have chosen an appropriate moment to make a detour in order to avoid falling into the abyss of a civil war. Only a few believe that the agreement constitutes a firm basis for putting an end to the political crisis that is occurring in Yemen, particularly since the two parties in the crisis, during the last few months, have undertaken redoubled efforts to create ruptures in the fabric of Yemen.

At this juncture, two things have to be pointed out. First of all, a large segment of the Yemenis consider that the agreement recently arrived at is more important than the act of unification itself. Secondly, stability is what is demanded regionally and internationally, in addition to the fact that stability is demanded by the Yemeni people who are very anxious to preserve the unity and stability of their country from destruction by contentious parties.

Dr. Hasan Abu-Talib, head of the International Affairs Unit at AL-AHRAM's Strategic Studies Center:

The Search for Mechanisms for Implementation

There are several contradictory trends taking place at the same time in Yemen. Since the Document of Pledge [and Accord] was arrived at on 18 January of this year, after a dialogue that lasted four continuous months between all the political forces, reaching [actual] agreement still is a matter that faces a number of obstacles. They began with the problem of officially signing the document—which was accomplished yesterday. However, there is another problem, which is that of the appropriate mechanism for the implementation of the clauses written in the document, particularly since the political forces that participated in its formulation have felt that it represents a way out of the economic and political crisis that has been devastating the country for about the last two years.

After reading the document, my first remark is that it is an extremely comprehensive document. It will require tremendous political effort, whether from the legislative or the procedural point of view, or even from the standpoint of making a series of great decisions that will affect the general social, political, and economic realms of the nation.

It is our belief that the fact that the agreement arrived at represents a positive development. However, this positive aspect faces a series of obstacles, as we have indicated. On the negative side, there is a series of collapses that have been taking place in various realms, both economic and security-related. This is also happening in the sense that Yemen's citizens have a profound feeling that there is a deeply-rooted crisis and that there are a large number of disputes between the political forces, both those participating in the coalition and those not participating in this coalition.

Dr. Siraj Zamzami, professor of political science at King 'Abd-al-'Aziz University:

How Can We Deal With the Mountain of Contradictions?

It is difficult for anyone following the "thermometer" of the political temperature in Yemen to provide even an approximate picture of the future prospects for Yemen after the signing of the Pledge and Accord Document, and there are numerous reasons why this is so. One reason is that there are areas of dispute that go beyond what was mentioned in the text of the document. This document, as such, could be considered to be an indicator of the intensity of the sources of disharmony in the political thought of the parties concerned, in spite of the sincerity of feelings and the desire to proceed toward anchoring the foundations of unity and non-fragmentation and not to fall back into the traps of engaging in verbal hostility or taking up arms against each other. If we take a cursory glance at the text of the document, we find that there are 33 articles and about 180 paragraphs and semi-paragraphs. Some of the paragraphs, if they are to be implemented, would require the services of an integrated government apparatus. This alone is sufficient to cause analysts to have the desire to decisively say that the document will be tantamount to a temporary or competing constitution. On the other hand, bringing up all the fears and solutions and coming to agreement concerning them confirms what was said by Dr. 'Abd-al-Karim al-Iryani, member of the General Committee of the GPC and head of the Political Bureau's delegation in the National Dialogue Committee: "We are prepared to accept anything in order to ensure the survival of our united Yemeni nation." Perhaps the document's conclusion prophesies in advance the role that must be played by all of the main forces in the coalition or those who are outside the power structure: "Implementation of this document, in accordance with what is mentioned in it, would constitute a strong basis for reforming our country's political and economic situation and would pull it out of all of its crises. This will require a strong political will which is united both in terms of word and deed in our actions and activity, as well as keeping promises, being sincere, and being committed....as long as our goal is that of maintaining unity."

There is no doubt that marathon-like exhaustive efforts were expended in order to formulate the Pledge and Accord Document in such a way that it would please all

of the parties participating in the government. The parties signed it because they were not prepared to take historical responsibility for causing the agreement to fail. This is in spite of the fact that there are many strong indicators that the situation in Yemen is becoming increasingly complicated and causes one to have serious doubts as to whether it is possible to implement the agreement because of the huge mountains of debris that have been dumped onto the crossroads of its paths in an attempt to obstruct it after it was signed. This is because the military and security-related problem, which the agreement began to deal with, could be solved if the soldiers returned to their barracks and if responsibility for taking care of internal security issues were once again put into the hands of the authorities [normally] concerned with them. But the fact is, apparently, that the crisis exists because of the lack of bases for the existence of elements of trust between the two pivots of the triangular pyramid. Mr. Muhammad Basindwah, the minister of foreign affairs, has already said: "Yemen is experiencing an undeclared break-up." Perhaps it is experiencing a break-up inside its united leadership, not to mention the traditional trend of the provinces to serve as alternatives to the system of hereditary local power structures. Perhaps the recently-held al-Mukalla conference provides an indicator of these inclinations. But objectivity also obliges an analyst to attempt to seize upon some of the merits of the document and see in them, in case they are put into practice, a better political future that will guarantee Yemen the stability to turn the wheels of the slumping Yemeni economy and bring trust back to the masses....who know that a united caravan is better than one that is split up, especially if it goes in the same wrong direction.

Obstacles to Union: Structure, Laws, Implementation

94AE0091C London AL-MAJALLAH in Arabic
12 Mar 94 pp 22-28

[Article by 'Abdallah Hammudah: "Yemen: The Blood of Abyan Is Splattering All Over the Pledge and Accord Document"]

[Text] The latest events in the Governorate of Abyan, in southern Yemen, have stirred up numerous inquiries concerning unification of the two Yemens. The questions asked by observers from abroad concern whether or not Yemen would continue to be united or, in case it ends up being split up, what would be the type of relationship between the two Yemens that used to be separate and perhaps will be so in the future as well?

The Yemenis themselves are still avoiding asking this question and are restricting their discussions to what could be the final form of the nation they are attempting to build.

In Zinjibar, the capital of the governorate, and in Mudiayah and Lawdar, armed clashes took place between northern and southern forces. There were many reasons

for these armed clashes, according to the points of view of the various Yemeni political parties and the two main parties, the General People's Congress [GPC] and the Yemeni Socialist Party [YSP], in particular.

These clashes are considered to be the most dangerous developments to Yemeni unity that have occurred so far since unification was officially declared on 22 May 1990. Also, they constitute the third armed confrontation that has taken place between northern and southern forces during the last 22 years.

Reasons for the Danger

However, there are four main factors that make the latest confrontation different from the previous two clashes that occurred in 1972 and 1979:

1. It is the first confrontation of this type that has happened within the framework of the unified nation, although the mobilized forces participating on each side are evidence of the degree of fragility of the institutions that represent the structure of the state and the likelihood that this state has no future if matters continue to be as they are right now.
2. The confrontation is occurring during the time when a newly-appointed governor is assuming his duties of office. This governor is Muhammad 'Ali Ahmad, one of the top men of 'Ali Nasir Muhammad, the former president of South Yemen. The fighting is happening in the midst of a dispute concerning the legality of appointing him by means of a decision made by the prime minister, as a prelude to having the Presidential Council later on issue a decree appointing him to this position. Some people—especially those in the YSP—say that the fighting began in order to prevent him from arriving in the governorate to assume the duties of his office.
3. The fighting has happened in a governorate that—since the events of 13 January 1986 that put an end to the rule of 'Ali Nasir—has maintained its stance of (silent) opposition to rule by the YSP in its present form in South Yemen, and the situation remained the same even after unification because the YSP continues to have its influence in the South. From the strategic point of view of the northern forces, it was considered to be an important event in the series of efforts aimed at crushing the attempt to revive the southern regime in Aden, because dominating the governorate of Abyan would furnish the missing link in the series of military positions necessary to encircle the "unified nation's economic and business capital" from the east. This would make it easy to isolate the Governorates of Aden and Lahij in the west from the Governorates of Shabwah, Hadramawt, and al-Mahrah in the east, where the sources of petroleum wealth are.

A related issue here is the fact that this confrontation, from the point of view of the North, had the objective of: preventing a reconciliation between the wing of

the YSP that is currently part of the power structure in the unified state and the wing that split off with 'Ali Nasir during the events of January 1986, the popular base of which is considered to be Abyan; and picturing the battle as being fought between the natives of Abyan, who supported the northern forces (the al-'Amaliqah [Giants] Brigade) against the southern YSP forces, which include the YSP militia formations known as the Madram Brigade, and the 5th Armored Brigade, which came from Aden to support it.

One thing that helped to highlight the idea of this "old feeling of revenge" and the attempt to use this opportunity to exploit it is the fact that the al-Wahdah [Unity] Brigade, which participated in the fighting after being transferred from Hadramawt to Abyan, was the unit that, after the events during January [of 1986], restored the situation in the governorate so that it would favor the wing of the YSP that is currently in power. Both local and northern elements accuse it of having committed horrible atrocities as it undertook its task.

4. The fourth factor is the participation of some of the "Arab Afghans" who are headquartered in the al-Maraqishah mountains. Reports say that an estimated three brigades of soldiers from the Yemeni Reform Grouping (YRG) militias also participated in the skirmishes—in civilian clothes—together with the southern forces in an attempt to portray the confrontation as being one between civilians who are natives of the governorate and "remnants of the former communist regime in the south who refuse to be incorporated into the unified state and are trying to regain their dominance, even if this would be at the expense of the future of the unified state."

Some observers are suggesting that it is dangerous to rely on extremist militias, which are not known for being disciplined, to decide a political struggle being waged within the framework of the state. They point out Egypt's experience in this regard, when president Anwar Sadat encouraged a trend such as this one in order to contain Nasirite and Marxist elements. Not only did this effort end with him being assassinated by them. The result was also an aggravation of the problem posed by the extremist Islamic groups at the present time.

A Rocky Road

Whatever the losses were as a result of the events in Abyan—some local reports insist that as many as dozens or hundreds of people were killed and wounded, whereas politicians from the various Yemeni political factions maintain that no more than six persons were killed and a few dozen were injured, because the "skirmishes were within the framework of Yemeni traditions which follow the practice of firing into the air"—the fact remains that they constitute a step on the rocky road toward unity. There are apprehensions that they may lead to a relapse or end up being a case of "fleeing toward the front,"

which would postpone any real effort to deal with the problem, like what happened in the years 1972 and 1979.

The problem is that the latest skirmishes occurred last 20 February. This is the same date that many people thought would be the day of a "serious attempt" to solve the Yemeni crisis, that is, the day of the signing of the Pledge and Accord Document in the Jordanian capital of Amman after it had been signed by the members of the Political Forces Dialogue Committee who had arrived at an agreed upon formula after more than two months of consultations and after they had initialed it last 18 January.

Yemeni political forces consider the document to be the culmination of the unity agreements, and that it is no less important than they are. But the road toward Yemeni unity is littered with agreements that were not implemented. The parties who signed them have merely used them as a way out of some particular crisis. This happened in the cases that preceded the unification of the two parts of the country. But it seems that a contradiction of interests under the system of a unified country is the cause of the state of alert and mobilization for war at the present time which, if not settled in rational fashion, will blow up the new-born nation.

First Conflict

The first armed conflict between the PDRP [Peoples Democratic Republic of Yemen] and the YAR [Yemen Arab Republic] began, in the summer of 1972, with the parties involved resorting to a reconciliation—under the slogan of unity—which was embodied in the Cairo Agreement of 28 October and then the Tripoli Declaration of 28 November of the same year. But a year later tension returned between Sanaa and Aden, and work toward unification came to a halt because there was internal conflicts within both Yemens also, until Lt. Col. Ibrahim al-Hamdi took over the presidency of North Yemen on 13 June 1974 and began the dialogue once again between the two parties.

But this new attempt at unification ended with the murder of al-Hamdi on 11 October 1977, the day before he was to leave to sign the unity agreement in Aden, and relations continued to be tense. The media battle escalated during the administration of Lt. Col. Ahmad Husayn al-Ghashmi, who became president after al-Hamdi. Al-Ghashmi, in turn, was assassinated in the famous briefcase explosion incident which occurred in June of 1978—a suicide mission carried out by a South Yemeni by the name of al-Hajj Tafarih. This led to deep cracks in the ranks of the YSP, and ended with the overthrow of President Salim Rabi' Salimayn and his execution.

The situation only calmed down with the holding of the summit meeting in Kuwait between 'Abd-al-Fattah Isma'il, the secretary general of the YSP in South Yemen, and Col. 'Ali 'Abdallah Salih, president of North Yemen, during the period 28-30 March 1979, after armed clashes had begun between the two parties on 24 February of that same year.

The summit meeting ended with an agreement to resume the dialogue concerning unification, and a committee was formed to finish setting up the unified nation's constitution and then to prepare to form a ministerial committee to conduct a plebiscite concerning unity. All of this was to take place within a maximum period of six months.

The Problem of Political Niches

From the above it is clear that unification, which was the basis of the legitimacy of both regimes before it was implemented, has now become the source of legitimacy for all of the Yemeni political parties after implementation. The issue has been transformed from a dispute or an agreement between two different systems, both of which have adopted totalitarianism on a different basis (Marxist and internationalist in South Yemen, and Arabist and nationalist in North Yemen), into the inability to provide mature political niches in the unified nation, which has decided to adopt a multiparty system.

Hardly had unity been achieved on 22 May 1990 when one of the first things the Presidential Council decided to do was to grant the freedom to form political parties and organizations. Right away about 45 political parties and organizations sprang up. Some of these were under the umbrella of the ruling party in the North (the GPC), such as the YRG and the Ba'th Party. Others were opposition groups abroad or in either the North or the South, such as the Sons of Yemen Association (RA'Y), the Yemeni Unionist Grouping Party, the group of Nasirite parties, and the Truth [al-Haqq] Party. Other parties small in size and of little importance also arose, and they were dubbed the "fledgeling parties."

These "fledgeling" parties were mostly wings of the two main ruling parties (the GPC and the YSP), and were relied on for financing and organizational support and to carry out certain tasks in the political arena of maneuver during the hazy phase that predominated during the transitional period. At the present time this game has been revealed, and all of the parties have discovered what their real weight results from the elections of last April. However, some of the parties with a history behind them were not sufficiently fortunate, either because of fragmentation of votes or because of procedural problems in the electoral process. Accusations of vote fraud were made after the elections against the three parties and their independent allies that won more than three-fourths of the seats in the Chamber of Deputies (301 seats).

The problem of the political niches existed because it was difficult to find a means of grouping the Yemeni parties together after the elections, and the political maneuvering led to a type of division among them. The "National Congress of Political Parties and Organizations" ended up opposing the "Congress of Political Parties and Organizations, Grass Roots Organizations, and Professional and Creative Unions." But some of the parties objected to the domination in the National

Congress by the two parties in power during the transitional period (the GPC and the YSP), and demanded that the unions also be represented, in spite of the dispute concerning their political capacity. Some made an appeal to have their activities restricted to their professional realm and to looking after the affairs of their members.

During this period also the GPC and the YSP were subjected to lots of criticism because they shared power among themselves after unification, even on the level of minor positions such as office manager, and because many people were deprived of the opportunity to participate in managing the affairs of their country during this important phase of its history. This happened because the consideration of loyalty to one of the two parties was, in the eyes of the leadership of these two parties, more important than capability and experience. They hoped that the situation would improve after the elections.

Absence of Democracy

There was much criticism in the Yemeni political arena concerning how democracy was being put into practice. Many people said that it was merely the heavyweights balancing and squaring off against each other, with the basic principle being that of dividing power between two parties—the GPC and the YSP—during the transitional period preceding the parliamentary elections. The same criticism was made, particularly by the opposition parties, after the YRG participated in the ruling coalition with the other two parties. The point was that all citizens did not get to participate in the making of decisions concerning their lives. However, the truth of the matter is that there is no totalitarian system in unified Yemen, and this has provided lots of opportunity for Yemeni citizens to freely express themselves. But it is still true that their absence of participation in the decisionmaking, the nation's state of paralysis, and a [general] inability to make decisions, have been an obvious manifestation of life in Yemen since the unification.

This paralysis has also allowed the centers of power associated with the main parties to fulfill their role of maintaining their influence and achieving gains by means of their influence, because there has been an absence of respect for the nation's regime and its influence, and they have utilized this absence to the detriment of the public interest. With the laxness in security, we have seen things such as the "Aqlan al-Rashidi" phenomenon, the reference being to a prominent merchant, a member of the Hashid tribe, who has been accused by the YSP of engaging in counterfeiting money, smuggling, dealing in narcotics, murder, etc.

Accusations have also been made against the big shots in the various parties to the effect that they have exploited the apparatus of the government for their own interests, and it has been said that military commanders have moved their units without orders from the Ministry of Defense or the chief of staff.

President 'Ali 'Abdallah Salih has denied any knowledge of his military police forces stopping the procession of Engineer Haydar Abu-Bakr al-'Attas, the prime minister, during his return from Aden to Sanaa, although al-'Attas assures everyone that he had informed all the authorities concerned about his movement and the itinerary of his procession.

Some opposition parties are currently saying that the division of power and influence into two parts during the transitional period became a three-way division after the parliamentary elections of 27 April last year, when the YRG joined the ruling coalition.

But sources who support the YSP still feel that the division of power is a division into two parts because, although the YRG has emerged from under the umbrella of the GPC, there is still a clear division of roles between them with regard to the adoption of positions for the purpose of pursuing definite and particular goals in their confrontation with the YSP and the opposition groups allied with it.

Probabilities of a Confrontation

Before he died, Muhammad 'Ali Haytham, South Yemen's first prime minister and the former minister of social security, told AL-MAJALLAH that military battles nearly broke out between the northern and southern forces shortly before the elections. He died eight months ago, and his secrets went to the grave with him. However, political observers have reported that undemocratic electoral practices were the cause, and people in the opposition accused the three victorious parties of having attempted to break previously-made agreements to divide electoral districts among themselves, then some of them [again] tried to violate those agreements, and the struggle almost reached the point of being an explosion. But all the coalition parties insistently deny this.

From the time of the confrontation, which did not end up taking place during the election period, until the time of the confrontation, which did occur on the day of the signing of the Pledge and Accord Document in Amman, Yemeni citizens have not felt any great degree of confidence that the unified nation of Yemen will survive. In fact, some of them have even begun to "open up" lines that were previously shut down, because they are afraid of what fate might have in store for them after the events in Abyan have shown that the pledge and accord constitute something found only in the pages of the document, because of which the struggle broke out even before the ink of the signatures on the document was dry.

Historical Sequence of the Yemeni Crisis

September 1991: The killing of Engineer Hasan al-Haribi was considered to be the first of a series of assassination attempts made against the leaders of the YSP and other organizations associated with it. So far, this has resulted in the deaths of about 155 persons.

April-June 1992: First act of seclusion in Aden by Vice-President 'Ali Salim al-Bid, secretary general of the YSP.

9-11 December 1992: Wave of demonstrations in Yemen's major cities, protesting the economic crisis and corruption, results in more than 10 killed and about 30 wounded, and 300 persons are arrested on charges of rioting and looting.

February 1993: The catastrophe of floods in Aden, and then President 'Ali 'Abdallah Salih is received with protest demonstrations because of the "deliberate neglect" of the city after unification.

Spring of 1993: Al-Bid's second act of seclusion in Aden and Hadramawt, which ended after the agreement, and the date of the first multiparty elections in unified Yemen is 27 April 1993, after they had been postponed twice from October 1992 and February 1993.

August 1993: Al-Bid's third act of seclusion in Aden, in protest of the "lack of seriousness in implementing the unification agreements."

December 1993: Decline in the value of the Yemeni rial from about 52 riyals to the dollar to more than 65 riyals to the dollar. The exchange rates had improved 15 percent after the Pledge and Accord Document was initialed on 18 January. But then these rates went down once again and fluctuated because of the continuation of the crisis, and this led to small, scattered demonstrations in Sanaa and Ta'izz.

December 1993: Mobilization of large military forces at the [former] borders of northern and southern Yemen, including the deployment of principal units to reinforce the front lines of the confrontation.

20 February 1994: Outbreak of skirmishes between the northern al-'Amaliqah Brigade and the southern Madram Brigade (party militias) in the two cities of Zinjibar and Madiyah in the Governorate of Abyan on the day of the signing of the Pledge and Accord Document in Amman, then the skirmishes spread to the Lawdar area and Arab Afghan soldiers enter the fray.

Most Significant Obstacles Facing Yemeni National Unity

I. Structural Obstacles

1. Type of State: Points of view differ as to whether to adopt the system of a unified state of the type that predominates today or to have a federal system or a confederation.

The GPC and the YRG (the two northern partners in the current ruling coalition) adhere to the idea of a unified state, and feel that "the only alternative is a plan to split up." The YSP (the southern partner), however, rejects this, and feels that it amounts to a "process of subjugation, a curbing of the process of development in Yemen, and a refusal to create a

model in the South which could be adopted by the North in a subsequent stage."

2. **Presidency of the Nation:** The GPC and the YRG adhere to a presidential system based on election of a president who then appoints his vice president and possesses extensive powers.

The YSP demands that there be a Presidential Council during the current stage, until the Constitution is modified and stipulates that both the president and vice president be elected either together or separately, with the vice president being allotted definite powers.

3. **System of Executive Authority:** The GPC and the YRG demand a system that is a combination of the presidential and parliamentary system, in which the president divides authority with the government.

The YSP, however, insists that the system be a parliamentary one, including a strong government that assumes the task of carrying out the executive powers and shares some of the president's sovereign powers, in a way that would be determined by the Constitution after it is modified.

4. **Type of Legislative Authority:** The GPC agreed to the establishment of another parliamentary council, called the Consultative Council, in which two-thirds of the members would be elected and one-third would be appointed and they would be persons possessing expertise and qualifications. This council would share legislative power with the Chamber of Deputies. The 18 governorates would have equal representation in it. This proposal was made by the YSP. But the YRG rejected this, but then accepted it with reservations, setting the condition that the legislative spheres of authority of the Consultative Council be limited. Some people say that the YRG feels that this council would be competing with the Chamber of Deputies, the head of which is Shaykh 'Abdallah Bin-Husayn al-Ahmar, head of the Higher Committee of the YRG.

II. Legislative Obstacles

1. **Education Law:** Although this law was established before the 27 April 1993 elections, the YRG still feels committed to change it because it rejects the merging of the educational institutes of the religious type into the system of public education and considers this to be an attack on the very basis of the system of religious education.

Informed sources told AL-MAJALLAH that the reason that the YRG has been so quiet about this point so far is the fact that it has received 1.3 billion riyals from the state, in accordance with a promise from the GPC and the YSP, to be used as a budget for financing the religious institutes—even though administration of these institutes is supposed to be the job of the public education apparatus—so that the

YRG not feel that it has lost its influence entirely. The sources added that this was part of the deal for having the YRG enter the ruling coalition in Yemen.

2. **Local Rule Law:** The local rule law is still a matter of dispute. The YSP demands that the governors and the heads of the directorates and local councils be elected, whereas the YRG wants election only of the governors, at the present stage, and the local councils, but wishes to see the heads of the directorates and their subordinates appointed, with the provision that they be elected at a subsequent stage.

III. Procedural Obstacles

1. **Unification of the Armed Forces:** Although numerous plans have been submitted for merging the armed forces of the two previous Yemens, each party has rejected the plans of the other party, and the northern and southern units have remained separated from each other.

One failed plan was that of merging the units on a fifty-fifty basis, because the GPC (northern Yemen) says that southern Yemen's population is only between 2.5 and 3 million and this does not justify the size of the armed forces that the YSP has. It rejects the merge on this basis also because it would create an open field for the possibility of bringing the armed struggle inside the units.

The YSP demands the dismissal of military commanders who are relatives of persons who occupy the principal positions in the government (such as the president's brother), whereas the GPC responds with the demand to disband the units that mostly consist of troops from a particular directorate or governorate.

The process of unification of the armed forces is one that is being subjected to political bargaining because the YSP is keeping its armed forces as a card to play until its demands are met concerning modification of the type of state and achievement of separation between the presidency of the state, in its present form, and the military establishment, but the GPC sees this rejection as a type of implicit rebellion.

2. **Security Problem:** This is considered to be one of the most important issues that the YSP feels is an obstacle to stability and the process of building a modern state. The reason for this is that the fact that its leaders are being subjected to assassination attempts has, for them, transformed the issue from merely being one concerning the particular form according to which the state is to be constructed to being one of "life and death." This is why all of the YSP's main leaders have left Sanaa and gone back to Aden.

Another matter that complicates this issue is that the YSP accuses the leaders in the government who belong to the other two parties in the ruling coalition (the GPC and YRG) of protecting and sheltering

persons who commit assassinations and operate outside the law, for the purpose of obstructing the pursuance of the YSP's demands and forcing the YSP to put itself within the framework of the system that existed in the north before unification took place.

Blow of Revenge

Political observers interpret the blow that was dealt against the 5th Brigade—one of the military units subordinate to 'Ali Nasir Muhammad, the former president of South Yemen, which currently has been merged into the northern Yemeni formations and is part of the 1st Armored Division, which is commanded by Col. 'Ali Muhsin al-Ahmar, the president's half-brother—as an act of revenge because it was described as being a unit that brings together the YSP and dissidents who had previously split off from it.

During the middle of last February, the members of the brigade had refused to remove their commander, Colonel 'Abdallah Shulayl, and accept the appointment, in his place, of Col. Taymas, based on a decision by the (northern) chief of staff. In this matter, they were supported by the (southern) minister of defense, Brigadier General Haytham Qasim Tahir, who is currently in Aden.

The members of this brigade have a history of protesting what they have seen as lack of interest in them by both northern and southern commanders. They have said that they are treated as "third class" military personnel, and that supplies and food always come late to them. In addition to this, they see a lack of interest in providing

them with light weapons; they say that the weapons they get are of poor quality, and they say that their training programs are neglected.

Old Forms!

A leading official in the YSP has responded to the accusation of "separatism," which was based on the publication of the death certificate of the journalist Muhammad Sa'id Shamsan al-Sharafi, in the Sanaa newspaper AL-THAWRAH, from the Hospital of the Republic in Aden, which bore the number 66319 and was on a form bearing the name "People's Democratic Republic of Yemen." He said: "We have many old forms, and usually the official removes the old name and writes in longhand, in its place, 'The Republic of Yemen.' In this case he may have forgotten to do this because of the circumstances of the death."

One of the GPC leaders had made this accusation, within the context of a larger implicit accusation, when referring to the journalist's death "in mysterious circumstances," when he went to Aden to spend his new year's holiday there. He pointed out that "this happened, even though al-Sharafi was a member of the YSP."

The YSP official pointed out that the use of old forms also occurs in Sanaa as well as in Aden. He said that the reason for this is the lack of availability of funds for printing new forms that would bear the name "The Republic of Yemen." He said that this was like the case involving the delay in the printing of the "unified riyals" and the delay in other procedures involving the building of the new state.

INDIA

Papers Report, Comment on Relations With U.S.

Proposed Rao Visit

94AS0241A Hyderabad DECCAN CHRONICLE
in English 20 Feb 94 p 9

[Text] India is in the agonising process of an evaluation whether the Prime Minister, Mr P.V. Narasimha Rao, should call-off or postpone his proposed visit to the United States, sometime in summer. The Ministry of External Affairs itself is sharply divided on the issue with one section strongly advocating the visit, while the other group pleads that in the vitiated atmosphere nothing tangible will emerge, which would help consolidate the ties between the two countries and remove growing misunderstandings on a host of issues.

If one were to analyse the tone and tenor of recent remarks by the American President, Mr Bill Clinton, and his aides, it is evident that they do not see India requiring any high-level attention. Probably, this has been the trend for well over two decades. No American President visited India since Mr Jimmy Carter, nor for that matter has any Secretary of State come in the past decade. There do not seem to be any plans for any visits in the near future either.

The Americans have even managed without an Ambassador to India. Basically, there is a love-hate relationship between India and the United States. But all the loving and hating is done by India only.

Be that as it may, there are those who feel that the recent spate of provocative statements from the White House and the State Department makes it all the more imperative for Mr Narasimha Rao to meet the top U.S. leadership and other opinion makers in the country. They point out that such misunderstandings can only be sorted out at the highest political level and the Prime Minister would be making a mistake if he did not do so because of false prestige.

If indeed, as is widely believed here, certain key aides of President Clinton were responsible for pushing this administration towards a hostile position vis-a-vis India, a personal encounter between him and Mr Rao may well restore the balance. Moreover, Prime Minister Rao would also have the opportunity in Washington to meet influential Congressmen, Senators, officials, academics and journalists to explain New Delhi's case on Kashmir, the nuclear non-proliferation treaty (NPT) and a host of other contentious issues.

Those who support Mr Narasimha Rao's going to Washington are convinced that he would get strong backing from the business lobby there which is keen to invest in this country because of the economic liberalisation. The Prime Minister himself is perceived as the chief sponsor of the reform policy and this should enable him [to] project a progressive image of India in the United States

as a counter to anti-Indian propaganda about human rights violations in Kashmir and Punjab as well as on nuclear proliferation in the sub-continent.

Comparisons are being drawn with the political leadership in Beijing which has managed to deflect criticism on the human rights front by luring big American business with tempting investment prospects in China. A similar gambit by Narasimha Rao, it is argued, could yield handsome dividends with U.S. businessmen pressurising the Clinton Administration to stop making provocative statements and gestures against this country.

The other argument in favour of the proposed visit by Mr Narasimha Rao is that if he refused to go to Washington out of pique with the Clinton administration, it would only allow Pakistan—its Prime Minister, Ms Benazir Bhutto, is also scheduled to visit the United States within a few months—a free propaganda run. It is felt that Ms Bhutto would then use this to project New Delhi as inflexible and recalcitrant on issues like Kashmir and NPT.

Those who are against the Prime Minister going to Washington, however, turn these arguments on their head. They point out that in diplomacy, timing is almost everything and at a time when there is so much suspicion and misunderstanding between Washington and New Delhi, a Prime Ministerial visit could be counterproductive with only the differences between two countries getting articulated.

Conventional wisdom would suggest that the overall impact on bilateral relations of the sustained barrage of negative pronouncements on India from the Clinton Administration, including the President himself, cannot be healed by a mere visit to Washington by Mr Narasimha Rao. In fact, there is a possibility of both sides being unduly sensitive about working out a compromise at the moment.

There is also the question of personal vibes between Mr Narasimha Rao and the U.S. President. Both leaders come from different generations and cultures with clashing styles and world views.

While it is possible that a leader like Rajiv Gandhi may have hit it off with President Clinton, this appears to be far more unlikely in the case of Prime Minister Rao. Even if there are no open hostilities, there is every chance that a personal encounter between the two would be lacklustre and perfunctory, resulting in no diplomatic breakthrough.

Mr Narasimha Rao's mild professorial style, however impressive to the knowledgeable on India affairs, is also unlikely to attract much media attention in the United States. This may lead to unfavourable comparisons with Ms Bhutto's visit which is bound to cause more flutter in the U.S. media.

In any case, the flamboyant young Harvard educated leader has many more personal friends in the U.S.

establishment, particularly in the Clinton Administration. Under the circumstances, Mr Narasimha Rao, if he goes to Washington, would be running a patently unequal race with his Pakistani counterpart.

Significantly, most officials both in the Foreign Office and the Prime Minister's Office (PMO) are palpably unenthusiastic about Mr Narasimha Rao visiting Washington at this point. While the Foreign Office is worried about the risk of an unsuccessful Prime Ministerial visit to the United States further complicating the already vexed triangular relationship between New Delhi, Washington and Islamabad, the PMO is apprehensive about the political repercussions at home in the event of Mr Narasimha Rao failing to pull off a public relations coup with President Clinton.

There is a vast body of opinion-makers in this country today, including the national media, which closely follows the progress of Indo-U.S. ties under a microscope. Not surprisingly, the success or failure of Mr Rao's visit in all probability would be exaggerated beyond its real implications for the relationship between the two countries.

While in the long run, whether the Prime Minister goes ahead or not with his trip to the United States may have far less impact on bilateral ties than other factors. Mr Rao would have to carefully weigh the pros and cons before agreeing to fix dates for the proposed visit.

This has posed a serious dilemma for the Prime Minister who has been pressing for a visit to Washington for the past many months. A successful trip, besides restoring balance to Indo-U.S. ties, would add yet another diplomatic feather to Mr Rao's cap already embroidered with recent breakthroughs in Beijing and Tehran and Davos.

A failure or even a damp squib in Washington, on the other hand, would not only mean a personal loss of face for Prime Minister Rao but also further add to the mounting strident anti-U.S. chorus in this country.

Clark on Clinton Remarks

94AS0241B Hyderabad DECCAN CHRONICLE
in English 20 Feb 94 p 9

[Text] President Bill Clinton's recent remarks on human rights in Kashmir violate all diplomatic norms and India is perfectly justified in reacting angrily, a former American Ambassador to India, Mr William Clark, has said.

The Clinton Administration has indeed changed the neutral policies on Kashmir pursued by both Democratic and Republican Administrations for several years, he said at a briefing on the India chair and his upcoming Indian visit at the Foreign Press Centre of the United States Information Agency (USIA) in Washington.

Mr Clark is leaving for India on Sunday and hopes to be able to meet the Prime Minister, Mr P.V. Narasimha Rao, the Finance Minister, Dr Manmohan Singh, and leaders of industry to mobilize moral and material

support for the Japan chair at the Centre for Strategic and International Studies where he holds the Japan chair and is a senior adviser on Asia.

Mr Clark who improved Indo-American relations, sees his work being undone by the Clinton Administration, conceded that U.S. "interest in India has over time in Washington not been proportionate to its size."

"It has been very hard to keep India on the scope and it is very hard to do that today. The majority of articles that appear in the American press deal with Kashmir, Punjab—though that has fallen out—or the less positive aspects of society," he said.

On Mr Clinton's mistakes over Kashmir, Mr Clark said that during his confirmation hearings, he had emphasised the Shimla agreement. "I still think that it is the right way to do it. I won't talk about this Administration's handling of it but it has a slightly different approach."

Mr Clark, the U.S. Envoy to New Delhi from 1989 to 1992, thought that part of the reason for the deterioration in Indo-U.S. relations was the long delay in nominating an Ambassador to India.

Analysing why the Clinton Administration's India policy appears to have taken a turn for the worse, Mr Clark said: "This President clearly wants to be a domestic President, who tries to limit his foreign policy time as much as he can. He is driven by Bosnia and Somalia and other things. It is not surprising that India does not necessarily get up that high in (Mr Clinton's) thought."

Referring to the new Pakistani Envoy to the United States, Ms Maleeha Lodhi's speech raking up Kashmir while presenting her credentials, he said it was "unprofessional," although he added, "but then Lodhi is not a professional and so I cannot blame her."

President Clinton had backed Ms Lodhi, saying, "We share Pakistan's concerns about human rights abuses in Kashmir."

Mr Clark has no clue as to what might have prompted Mr Clinton's remark. "I cannot explain that one. You should ask the White House," he replied to a query.

Analyst on Clinton Remarks

94AS0241C Bombay THE TIMES OF INDIA
in English 19 Feb 94 p 10

[Article by Manoj Joshi: "India's Defensive Stance Harmful"]

[Text] New Delhi, February 18—India's response to the Clinton remarks on human rights and Kashmir, described by some observers as "official" rather than "political," appears on second reflection to be confused and vacillating, if not downright weak. At the time of the Raphael controversy, the official *aide memoire* had not only characterised the American position as being a

"qualitative shift" but "an excessively negative policy assertion." If an assistant secretary's remarks had occasioned such strong language, it is indeed surprising that the American president's own record of insensitivity to Indian concerns are meriting such polite responses.

The press statement issued in New Delhi on Wednesday, in fact, goes out of its way to signal to the United States that while something has to be said about President Clinton's tendency to appear to be rooting for Pakistan, the United States need not take it amiss because as it notes "India shares President Clinton's strong interest in reducing tension in South Asia ..." In the light of the comfort that anti-Indian elements in Kashmir and Punjab have got from the president's remarks beginning with his lumping Kashmir as an area where civil war was taking place, to his expression of common concern over human rights in that state with the country which has supplied the insurgents there with direction, training and weapons, South Block's pusillanimity is bound to encourage rather than discourage the White House in persisting with its tilt. There can be no doubt of the encouragement that the remarks will give to sundry terrorists, insurgents and nations like Pakistan who have a grouse against India.

Remarkably, the Indian response has failed to highlight the major gap in President Clinton's remarks as well as what ought to be the major thrust of its own policy pinpointing the role of Pakistan as an abettor of state-sponsored terrorism. New Delhi's failure in convincing America, and indeed the world, of this is not because it lacks evidence of Pakistani actions, but that it is unable to find courage to express its outrage at events like the Bombay blasts, or the continued support for cross-border terrorism from Pakistan.

Though 1993, especially after a series of statements and actions from Washington D.C., began to indicate that a pro-Pakistan tilt was emerging, officials in New Delhi have been advocating that India turn the other cheek so as to move ahead on an agenda which benefits India such as trade, investment, technology transfer and even a dialogue on non-proliferation issues. Unfortunately, they have permitted the United States to push its own skewed agenda which is being perceived by many to be inimical to India's sovereignty. Instead of finessing India's most important, and in a sense, difficult relationship, South Block seems to be responding in a confused and ad hoc fashion which is only likely to see increased American meddling since no one has bothered to spell out any Indian bottom line in its relationship with the United States till now.

A major weakness of the Indian response has been its excessively defensive tone. In the world of *realpolitik* it signifies that either India is weak or that its case is. Considering the access being given to foreign diplomats, and most recently the International Red Cross to visit Kashmir, such a posture towards Washington appears strange. India is involved in fighting a difficult battle in Kashmir. Foreigners, including Americans who have

seen the difficulties faced in Somalia and Bosnia are reacting not so much to India's record, which is middling-to-bad in Kashmir, but its defensiveness, which in some eyes betokens a weakness which can be exploited.

Almost egregiously, Wednesday's statement has made claims on India's nuclear posture that require some clarification from the government. In responding to its observation that "Pakistan's nuclear intentions are well-known and confirmed time and again," the statement declares "India neither has nor intends to acquire weapons of mass destruction." This is an extraordinarily definitive statement which appears to be at variance with the much more ambiguous, and therefore deterrent, posture adopted by the government till now that it will do whatever needed for the defence of the country, and its unstated belief that its unsafeguarded nuclear power programme and proven nuclear capacity are its real insurance against nuclear adventurism, not brave words.

Human Rights Stressed in UN Preparatory Panel

94AS02401 Bombay THE TIMES OF INDIA in English
19 Feb 94 p 17

[Article by Sanjaya Baru: "Indian Stress on Human Rights at U.N. Summit"]

[Text] New Delhi, February 18—India has declared its commitment to the "eradication of poverty by the end of the century," emphasised the importance of the "political sustainability of economic reforms" and has called for the shift of "power to the people" in its presentations at the first substantive session of the preparatory committee of the world summit for social development at the United Nations headquarters in New York last week.

In its statement on "A vision for the summit," India stated that poverty was a challenge for all mankind, and not merely the problem of the developing countries. India reiterated its commitment to human rights and emphasised that the concept must include "human security" which implied the rights to work, food and nutrition, education, health and shelter.

Significantly, the Indian statement also added: "While talking of sustainable economic growth, recognition must be given for political sustainability of economic reforms in the context of social consequences if the essential aspirations of the poor and the deprived are not *pari passu* taken care of, for fulfilment of these aspirations are absolutely fundamental to the stability of the developing world."

The U.N. social summit is scheduled for 1996 in Copenhagen. At last week's first PrepComm meetings in New York, Indian interventions were on five themes, namely, on the political declaration, on eradication of poverty, on expansion of productive employment, on social integration and on the role of the UN and the international financial institutions. The Indian statements were drafted with the concurrence of the Prime Minister's Office.

Emphasising the vital role of decentralisation of governance, the official Indian position underscored the role of the panchayati raj institutions as well as non-governmental organisations in "empowering people."

The statement says: "The lead role of the national governments in the developing world at all times in the matter of poverty eradication, in promoting social integration and sustained and sustainable full employment, and in creating the environment needed in terms of resource allocation and relevant policies should be emphasised but with the knowledge that the state and government structures cannot successfully handle all problems of social development and that, therefore, at all times their vision should keep the people at the centre of the strategies of implementation so that people themselves are enabled and empowered through organisations of the poor, on the basis of awareness generation and empowerment techniques, assisted by the support structures provided by non-government and voluntary organisations, to deal with their own problems. In other words, a bottom-up approach with people at the Centre, with power to the people."

While acknowledging the helpful role that the World Bank has played in supporting social development programmes in India, the Indian statement on the role of the UN and its agencies is also critical of the impact that Fund-Bank inspired adjustment programmes have had on social sector spending. "We have a suspicion that the Fund or the Bank do not overly bother how deficits are cut so long as they are indeed cut. That is no way of helping the poor while simultaneously pleading lack of resources for new programmes, especially on the soft window—the IDA resources," says the statement.

In a hard-hitting passage read in New York but clearly intended for audiences at the IMF and the World Bank in Washington, D.C., the Indian delegate said: "There can be no deliberate, cold, dispassionate divorce of the micro needs of the poor from the macro needs of the economy. They have to go hand in hand and hence there is need for additional resources on soft terms for social development programmes.

"The Bank should not win battles while losing the war. For, the war against poverty is about 50 percent of the people of the underdeveloped world, while the main thrust and results projected from the economic reforms at least initially—initially could even mean a decade—seem to be about 15 percent to 20 percent of the population of the developing countries. Let us not have souths and norths within the south itself."

Drawing attention to the problem of mass unemployment in a populous developing economy like India, the Indian statement emphasised the role of "labour-intensive" industrialisation, of land reforms, peasant agriculture, self-employment schemes and the growth of the informal sector.

"But all this will have to be supported by productivity-raising technology," says the statement, adding: "And

hence the importance of the role of governments and of support structures, including the giant corporations, which could play a very fulfilling and, in enlightened self-interest, perhaps also a profitable role as support structures."

India has asked for a special fund to be created by the Bank to assist governments tide over the problems of adjustment, poverty-eradication and creation of full employment. While the government will allow foreign investment to replace public investment in industry, it still requires international aid to enhance public expenditure on social sectors, says the Indian statement.

Papers Report Mongolian President's Visit

Activities of 22 Feb

94AS0244A Hyderabad DECCAN CHRONICLE
in English 23 Feb 94 p 9

[Text] New Delhi, Feb. 22—Mongolia considered Kashmir as an integral part of India and any outstanding issues between India and Pakistan should be "resolved within the ambit of the Shimla agreement, bilaterally."

This Mongolian position was conveyed by the visiting President, Mr Pansalmaagiyn Ochirbat, in unambiguous terms here on Tuesday to the Prime Minister, Mr P.V. Narasimha Rao, during their meeting on Tuesday morning.

The Mongolian leader further felt that India's peaceful and non-violent approach was something to be emulated by the whole world.

The two leaders felt that bilateral cooperation between the two countries must be strengthened for mutual benefit and advantage. Mr Narasimha Rao referred to the joint committee now being set up at the just concluded round of summit talks would promote co-operation in the economic, science and technology areas. He further expressed the hope the joint committee would not only implement the decisions taken but should also identify new areas of cooperation.

The two leaders also discussed regional issues and felt that regional cooperation in Asia should be strengthened.

They also discussed the possibilities of cooperation in different areas such as, mining including exploration of uranium reserves in Mongolia, oil deposits, and agriculture and agreed that details should be worked out by the just set-up joint committee.

The two countries on Tuesday signed a treaty on friendly relations and co-operation between the two countries and four other agreements—(a) for establishing of a joint committee for economic commercial and science and technological cooperation, (b) avoidance of double taxation, (c) cultural exchange programme, 1994-96, and (d) cooperation in health, 1994-96.

Addressing a 40-minute press conference later in the day, the Mongolian President asserted that his visit to India "is very successful." With his meeting with the President, Dr Shankar Dayal Sharma, on Monday and the Prime Minister, Mr P.V. Narasimha Rao, on Tuesday, his delegation has completed "main political agenda." He attached great importance to the strengthening of Mongolia's bilateral ties with India. He also attached paramount importance to the just signed treaty of friendly relations and cooperation as well as the setting up of the joint committee.

He pointed out that his country has great reserves of uranium and petroleum, and Mongolia is prepared to undertake feasibility studies with any country, including India. In reply to a specific question about possible Indian participation, the Mongolian leader's forthright reply was that his country "has no reservation with regard to any country."

Taxation Pact, Other Developments

94AS0244B Bombay THE TIMES OF INDIA
in English 25 Feb 94 p 5

[Text] Bombay, Feb. 24—India and Mongolia have agreed on the avoidance of double taxation. This was revealed by the Mongolian President, Mr Punsalmaagiyn Ochirbat, in a reception accorded to him at the inauguration of the Indo-Mongolian Chamber of Commerce and Industry and the Indo-Mongolian Friendship Society.

Mongolia is into its third year of democracy and has opened up its economy to foreign investment. Seventy years of communist rule had isolated them from the rest of the world and the country grew up in the shadow of neighbouring Russia and China. Mongolia has a population of 2.2 million and a land area of 1.5 million square kilometers.

Being a rural economy with animal husbandry and agriculture as its mainstay, it is looking for technological support from India in mining and processing of their vast resources in coking coal, silver, copper, gold and molybdenum, building construction and joint exploration of petroleum and uranium, power, communications and rail and road construction in the infrastructure sector.

Mongolia imported over \$399 million in 1992 and can form a market for Indian tea, medicines, kerosene, automobiles, textiles, chemicals and fertilizers. Joint ventures and projects are still in the negotiation stage, according to a member of the trade team and they hope to finalise them soon.

Meanwhile, the Mongolian President today visited the century-old Bombay stock exchange and witnessed the trading activity.

The Mongolian delegation was received by the executive director of the BSE [Bombay Stock Exchange], Mr A.N. Kolhatkar, and the president, Mr G.B. Desai.

Joint Naval Exercise Held With Singapore

94AS0255P Bombay THE TIMES OF INDIA
in English 26 Feb 94 p 6

[Text] New Delhi, February 25. India and Singapore commenced a four-day joint naval training exercise in anti-submarine warfare (ASW) manoeuvres in the Andaman Sea from Wednesday.

The training exercise, which is scheduled to end tomorrow, is being held on the specific request by Singapore which had formally approached the Indian government last December. The visiting Singapore ships had arrived India last Monday on a seven-day official visit.

The participating ships of the Singapore Navy are RSN Victory and RSN Valour, both missile Corvettes.

These two corvettes, designed by a German firm, were built in Singapore as recently as in 1991. The participating Indian naval vessels are INS Taragiri, an indigenously built Leander class frigate of British design and INS Kursura, a Soviet made Foxtrot class submarine.

The joint naval exercise has been described by defence ministry sources as a "naval exercise of significant training value for the Singapore navy". The ASW manoeuvres being taught to the crew of the Singapore navy ships include that of sonar operator training, and sharpening skills at detection and designation of oceanic and underwater targets, especially submarines.

This is the first time that a submarine of the Indian navy is participating in bilateral joint naval exercises involving the sensitive ASW operations.

Significantly, Singapore has shown interest in seeking India's help for specialised training of its naval officers. The Singapore navy chief who is arriving in New Delhi early next month on his first visit in recent years has specially sought to visit naval facilities at the Eastern Naval Command in Cochin.

Although a few vacancies for foreign trainees at the Indian training establishments are being availed by the Singapore navy, the Indian navy expanding the scope of training officers of the Singapore navy in the near future is thus emerging as a strong probability.

This is the second time that India and Singapore are holding bilateral naval exercises. The two sides had held a four-day tactical joint naval exercise off the coast of the Andaman Islands in February last year.

The exercises, which were elementary in nature, had included surface shooting and screening apart from other manoeuvres.

Trade With PRC Doubles During 1993

94AS0240D Bombay THE TIMES OF INDIA
in English 24 Feb 94 p 19

[Text] Beijing, Feb. 23 (PTI)—The dollar value of trade between India and China almost doubled in the course of 1993, to \$673 million, according to Chinese customs statistics.

While overall bilateral trade grew by 98.9 percent, India's exports to China expanded by an even larger margin, that is 170 percent, from \$181 million in 1992 to \$417 million in 1993, the Chinese figures showed.

The figures include trade through Hong Kong. China selectively includes or excludes the Hong Kong figures depending on its need to play down its own massive surplus vis-a-vis other countries and highlight an occasional surplus enjoyed by some of them.

The United States, west European countries, Japan and others regularly complain of deficits running into tens of billions of dollars annually in their trade with China.

India had for more than a decade and a half suffered a wide deficit in its trade with China but the sale of iron ore and steel needed by China's burgeoning construction industry over the past couple of years altered the situation. Indian imports from China last year grew by 63 percent, from \$158 million in 1992 to \$259 million, the Chinese figures showed.

Bilateral trade is keeping to an 'encouraging upswing', diplomatic sources here commented, pointing to a 7.28-percent increase in 1991, 28.6 percent in 1992 and 98.9 percent last year, as per Chinese figures.

There is good reason to hope that Sino-Indian trade value will cross the \$1-billion mark, they said. However, that figure will still remain a fraction of 1 percent in China's total trade.

China has bid for launching an Indian satellite and, if it succeeds, that will significantly boost the payments accruing to it.

While iron ore has, for many years, been a significant item in India's sales to China, steel emerged as an entirely new item, and the largest one, last year, amounting to \$177.5 million.

Although China's construction industry is trying to cool its over-heated growth, the demand is expected to continue growing though at a slower rate, the sources said.

Readiness for Talks With Pakistan Stressed

94AS0240J Bombay THE TIMES OF INDIA
in English 18 Feb 94 p 13

[Text] New Delhi, February 17—India is open to a dialogue with Pakistan despite the intense propaganda

barrage launched by that country on alleged human rights excesses in Kashmir, an official spokesman said today.

He said India is endeavouring to inform the world about Pakistan's efforts to gain propaganda mileage out of the Kashmir issue by projecting the state as a separate entity. Pakistan is more concerned about its political agenda rather than the issue of human rights, he added.

The spokesman said that Islamabad's vituperative language against this country is not conducive towards good bilateral relations.

Asked to comment on press reports about a forthcoming visit by the controversial U.S. State Department official, Ms Robin Raphel, the spokesman declined to comment.

India today warned Pakistan that the foreign secretary level dialogue will suffer a serious setback if Islamabad went ahead and moved a resolution on Kashmir at the U.N. human rights commission in Geneva.

An external affairs ministry spokesman said if Pakistan presses ahead with its resolution it would jeopardise continuance of the bilateral dialogue.

The spokesman said India was committed to resolving its differences with Pakistan through mutual consultations. The Prime Minister, Mr Narasimha Rao, has reiterated India's commitment for a peaceful comprehensive dialogue with Pakistan on all outstanding matters, including the Kashmir issue.

The spokesman expressed the hope that Pakistan would not insist on moving the resolution at the human rights commission meetings.

He said all our missions have briefed the member countries of the commission about the Pakistan's designs and intentions. "We are hopeful that these nations see through transparent propaganda of Pakistan behind the resolution."

The minister of state for external affairs, Mr Salman Khursheed, held a meeting with the ambassador of the member nations of the commission here yesterday, during which he stated that Pakistan had no locus standi to move the resolution on human rights when its own record on the issue was imperfect.

Mr Khursheed said India was always ready to have a dialogue with Pakistan under the Shimla Agreement. Six proposals were sent to Pakistan in January in the hope that agreement on these issue would create an atmosphere of confidence between the two countries.

But regrettably there was no formal response from the Pakistan government, he added.

Meanwhile, the external affairs ministry today ruled out the possibility of any immediate visit to the United States by Mr Rao.

"There is nothing to talk about it as yet. No diplomatic moves are afoot," the ministry spokesman said at his press briefing.

Parliament Passes 'Hands-Off-Kashmir' Resolution

94AS0240C Hyderabad DECCAN CHRONICLE
in English 23 Feb 94 pp 1, 9

[Text] New Delhi, Feb. 22—In a development of extraordinary significance, the implications of which should not be lost on Pakistan and the United States, the two Houses of Parliament on Tuesday unanimously adopted a resolution which expressed national determination to resist all attempts to destabilise India in respect of Kashmir.

The "Hands-off-Kashmir" resolution was adopted 24 hours after the President, Dr Shankar Dayal Sharma, in his address to the joint session of the two Houses of Parliament had warned that "any attempt to destabilise India either from across the border or from any other quarter would be foiled." Consistent with reiterating that Jammu and Kashmir "has been, is, and shall remain" an integral part of India, asserted that India had the will and capacity to firmly counter all designs against its unity, sovereignty and territorial integrity.

The motion, read out by the presiding officers of both Houses, was passed without any discussion to the thumping of desks, showing that all the political parties were with the government on this issue.

The two-page resolution demanded that Pakistan vacate areas of the Indian State, which they have occupied through aggression and regretted the pitiable conditions and violations of human rights and denial of democratic rights and freedom to the people in the area.

The strongly-worded resolution charged Pakistan with abetting terrorism in the Indian State through imparting training to terrorists in camps located in Pakistan and Pakistan-occupied Kashmir (PoK), supply of weapons and funds and assistance to the terrorists infiltrating into the Valley with the avowed purpose of creating disorder, disharmony and subversion.

The resolution called upon Islamabad to put an end to these activities forthwith. These activities were in violation of the Shimla agreement, the internationally accepted norms of inter-State conduct and the Geneva declaration to which Pakistan is a signatory. Stating that this was the root cause of tension between the two countries, the resolution declared that the Indian political and democratic structures and the Constitution provided for firm guarantees for the promotion and protection of human rights of all its citizens.

There had been much concern in political circles at the recent attempts by Pakistan to internationalise the Kashmir issue. The concern was voiced at the two rounds of meetings the Parliamentary Affairs Minister,

Mr V.C. Shukla, held with leaders of different political parties in Parliament last week. The main Opposition party in Parliament, the Bharatiya Janata Party (BJP), which first broached the subject, had informed the minister of its proposal to move a resolution in this regard. Following expression of similar sentiments from other parties, it was felt that they should all be part to a single resolution so as to send the proper signals across the border.

Differences, however, cropped up about the wording of the resolution, with the National Front and Left parties insisting that the United States be identified by name for its role in the matter of terrorism in Kashmir. Unanimity also eluded the leaders on the question of adopting the resolution without a discussion in the event of it being a government-sponsored one. It was then decided that the resolution be moved by the Speaker in the Lok Sabha and the Chairman in the Rajya Sabha. The resolution, which incorporates the views and feelings of all the parties, does not, however, identify the United States by name.

Following is the text of the resolution:

This House notes with deep concern Pakistan's role in imparting training to the terrorists in camps located in Pakistan and Pakistan occupied Kashmir (PoK), the supply of weapons and funds, assistance in infiltration of trained terrorists, including foreign mercenaries into Jammu and Kashmir with the avowed purpose of creating disorder, disharmony and subversion:

- reiterates that the terrorists trained in Pakistan are indulging in murder, loot and other heinous crimes against the people taking them hostage and creating an atmosphere of terror;
- condemns strongly the continued abetment and encouragement Pakistan is extending to subversive and terrorist activities in the Indian State of Jammu and Kashmir;
- calls upon Pakistan to stop forthwith its support to terrorism, which is in violation of the Shimla agreement, the internationally accepted norms of inter-State conduct and the Geneva declaration to which Pakistan is a signatory. This is in fact the root cause of tension between the two countries;
- reiterates that the Indian political and democratic structures and the Constitution provide for firm guarantees for the promotion and protection of human rights of all its citizens;
- regards Pakistan's anti-India campaign of calumny and falsehood as unacceptable and deplorable;
- notes with deep concern the highly provocative statements emanating from Pakistan and urges Pakistan to refrain from making statements which vitiate the atmosphere;

- expresses regret and concern at the pitiable conditions and violations of human rights and denial of democratic rights and freedom of the people in those areas of the Indian State of Jammu and Kashmir, which are under the illegal occupation of Pakistan;
- firmly reiterates, on behalf of the people of India, that:
 - (a) The State of Jammu and Kashmir has been, is, and shall be an integral part of India and any attempts to separate it from the rest of the country will be resisted by India by all necessary means; (b) India has the will and capacity to firmly counter all designs against its unity, sovereignty and territorial integrity; (c) Pakistan should vacate the areas of the Indian State of Jammu and Kashmir, which they have occupied through aggression; (d) Any attempt from any quarter to interfere in the internal affairs of India will be met resolutely.

President's Rule Approved for Manipur

94AS0240B Hyderabad DECCAN CHRONICLE
in English 23 Feb 94 p 9

[Text] New Delhi, Feb 22 (UNI)—Parliament on Tuesday approved the promulgation of President's rule in the northeastern State of Manipur on new year's eve.

Both Houses of Parliament approved the statutory resolutions through a voice vote.

Replying to the brief debate, in the Lok Sabha, the Union Home Minister, Mr S.B. Chavan, made it clear that secessionist activities in the northeastern region would not be tolerated, but at the same time, the government would leave no stone unturned to remove the feeling of neglect and alienation among the people.

The Minister of State for Home, Mr P.M. Sayeed, who replied to the debate in the Rajya Sabha informed the members that integrated approach to tackle the problem of insurgency in the region was the need of the hour.

The Home Minister, Mr S.B. Chavan assured the Lok Sabha that every effort would be made to remove the feeling of neglect and alienation in the North-East, but at the same time any secessionist activities would not be tolerated.

"The government is prepared to give any amount of money for the socio-economic development of the north-eastern region, provided they utilise the money properly," Mr Chavan said while replying to the debate on the approval of the proclamation of President's rule.

The recent meeting of the North-Eastern Council had promised all assistance to the growth and development of the region, although non-plan expenditure was required.

Mr Chavan said he had separate meetings with Chief Ministers and Governors of all northeastern States. Several projects which had been taken up during the fifth and sixth plans were still not completed.

The government had now decided not to recover any loan sanctioned for any projects in the N-E States, he said.

"We have made just a beginning," Mr Chavan said and told the House that several sectoral meetings were being planned to monitor the development.

Referring to secessionism, Mr Chavan said the government's priority was to win over the hearts of the local people. The government would not hesitate to take action against those indulging in secessionism, the Home Minister asserted.

He said complaints of corruption would be looked into and severe action taken against those involved.

Participating in a debate, Mr Jaswant Singh (BJP [Bharatiya Janata Party]) said if the government had intervened in time in Manipur, the killing of a number of people could have been avoided.

The substantial funds provided for the economic development of the North-East was not properly utilised. Corruption was one of the major factors for the alienation of the people, he added.

Mr Mohan Singh (JD [Janata Dal]) urged the government to curb the activities of Pakistan which through Bangladesh was providing assistance to extremist forces in the North-East. Prof M Kampson (Cong-I [Congress (I)]) urged the government to take an initiative for promoting a dialogue to solve the problem of insurgency in the North-East.

Mr Uddhab Barman (CPI-M [Communist Party of India-Marxist]) demanded that the State Assembly should be dissolved and the political process initiated so that a popular government could be installed at the earliest. Extortions, drug trafficking, smuggling and killings were rampant in Manipur. AIDS was also spreading in a big way, he added.

Mr Kabindra Purkayastha (BJP) said the State government had no control over the hill district which was under the sway of insurgents and extremists. The insurgency in the North-East was a major threat to national integration. The insurgents had camps and training facilities in Bangladesh, he said.

Mr Sriballav Panigrahi (Cong-I) said there was nothing wrong in keeping the Assembly in suspended animation. According to him, there was improvement in the law and order situation in the State. Political parties should help strengthen law and order so that normalcy could be restored in Manipur.

Mr Viswanath Shastri (CPI [Communist Party of India]) said the police forces in Manipur should be reorganised to restore the peoples confidence. He stressed the need for fulfilling the aspirations of different groups of people there.

Mr George Fernandes (JD) said unemployment, drug addiction and AIDS were serious problems facing the northeastern region and the government would have to adopt suitable measures to overcome them.

Mr Kirip Chaliha (Cong-I) said unlike other parts of the country, the northeast people had no caste barrier. They were very much alive to the practical problems and would remain in the mainstream.

Mr Chitta Basu (FB [Forward Bloc]) said N-E should get special attention of the government and reminded that forces of secessionism was growing in the region.

Repatriation of Chakma Refugees Begins

94AS0229B Bombay THE TIMES OF INDIA
in English 16 Feb 94 p 17

[Text] Sabroom (Tripura) Feb. 15—The much-awaited repatriation of Chakma refugees today took place in the border town of South Tripura, amidst assurances from the Bangladesh Government that their safety and security would be ensured, reports PTI.

Seventy seven families from the Kathalcharri evacuee camp here numbering 282 refugees trekked over a bamboo bridge erected temporarily by Bangladesh to Ramgarh on the other side.

Assuring the refugees of safety and security, the Bangladesh minister for communication, Col (retd) Ole Ahmed, who came over to Sabroom to participate in a meeting organised by the Indian Government, said, "We are prepared to do everything to make their resettlement smooth. I ensure them that they are not going to an area of uncertainty but only to their home."

Describing this as a "unique and historic" event the Tripura governor, Mr Romesh Bhandari who played an active role, said there was no reason to doubt the genuineness and sincerity of these assurances of the Bangladesh Government.

The governor however said that such fears and apprehensions that were being expressed, needed to be taken note of by "our Bangladesh friends. In the initial stages particular attention would need to be paid on this count so that apprehension and fear could be replaced by confidence and trust.

The Union of state for home, Mr P.M. Sayeed, who also described this event as "historic" said that India had accepted them when they came here following atrocities and killings, but it had been at a considerable cost to the people of Tripura.

The Centre, he said, had given them free rations and spent over Rs [Rupees] 43 crores for their upkeep.

Mr Sayeed said, "We have not involved any third country and we have shown that we can solve our problem by ourselves.

Rao Interviewed by Saudi Arabian Paper

94AS0229J Bombay THE TIMES OF INDIA
in English 15 Feb 94 p 17

[Text] Bahrain, February 14—The Prime Minister, Mr P.V. Narasimha Rao, has said that India attached top priority to improving its relations with Pakistan and denied that New Delhi was trying to play the role of a policeman in the region, PTI reports.

However, Pakistan's support, encouragement and abetment of terrorism directed against India "is a matter of deep concern... We find this support totally unacceptable and believe that it is the basic cause of bilateral tensions and regional disquiet," he said in an interview with Saudi Arabia's leading Arabic daily, OKAZ.

"India attaches high priority in its foreign policy to improving relations with the neighbours, including Pakistan," Mr Rao said. The Prime Minister said India was keen to resolve all differences with Pakistan peacefully through bilateral negotiations, in accordance with the Shimla agreement.

As a result, Mr Rao said, the foreign secretaries of the two countries met in Islamabad in the beginning of the year.

Referring to the situation in Jammu and Kashmir, Mr Rao said: "The assistance to terrorism by Pakistan is at the heart of the problem." He denied that the security forces in Kashmir were using excessive force and said: "We have gone to great lengths to ensure that our security forces use the minimum possible force against civilians."

Side by side, Mr Rao said, attempts were on to revive the political process in the state. "This process is understandably slow, because of the intimidatory tactics of the militants," he added.

In reply to a question, the Prime Minister denied that India ever "sought to play the role of a policeman in the region." On India's growing ties with Israel, Mr Rao said it had no strategic or security dimension. "There is no question of its being directed against any third country," he added.

Referring to the demolition of Babri Masjid he said he was aware of the reverberations abroad on the incident and mentioned his government's prompt action in dismissing the state government responsible for it.

He said while the government was prosecuting those involved in the demolition, it had referred the matter to the supreme court and would abide by its decision.

Rao Addresses Joint Venture Participants

94AS0240G Bombay THE SUNDAY TIMES OF INDIA in English 20 Feb 94 pp 1, 32

[Text] New Delhi, February 19—The Prime Minister, Mr P.V. Narasimha Rao, today told the representatives of foreign and Indian companies collaborating in joint venture projects that the country required higher and quicker investment flows particularly in the critical infrastructure sector.

While assuring them that the government was committed to continuing the process of economic reforms started in 1991, Mr Rao sought to allay any misgivings about problems arising due to red tape or procedures. "The government will effect the necessary changes with regard to procedural matters in the quickest practicable time," he observed.

Mr Rao did not think that the problems and irritants coming in the way of speedy implementation of the joint venture projects were not of an insurmountable nature and said the suggestions made would be considered on merits.

He said he attached importance to a proper feedback from business, industry and trade pertaining to their experiences in undertaking economic activities in the new environment in this country. He felt this meeting provided a good opportunity for a frank exchange of views and said such dialogues would be held at regular intervals by the Foreign Investment Promotion Board (FIPB).

After giving a patient hearing to specific problems raised by the foreign and Indian companies, the Prime Minister said some adjustments would have to be made to streamline the functioning of several authorities including customs and excise and making investment procedures simple.

At the end of the meeting lasting more than 90 minutes, Mr Rao said his impression was that those who had already made substantial investment in this country encountered fewer problems. At the same time, those who were now keen or contemplating investing in this country seemed to be conjuring problems in their minds, he remarked.

He reiterated that economic liberalisation was here to stay and said the response to the new policies both within and outside the country were very encouraging.

The representatives of the Indian and foreign companies acknowledged that India had emerged as a major player on the global economic firmament in the wake of the economic reforms over the last 30 months. Some of them whose projects were in an advanced stage of completion said the Centre's help of providing counter guarantee had turned the climate for financial assistance in India's favour. They expressed satisfaction that investment procedures had been streamlined especially the FIPB route

and agreed to keep the FIPB posted about the progress achieved in the implementation of their projects.

Stating that they would seek the FIPB's assistance in resolving difficulties faced by them during the period of implementation of their projects, the company representatives drew the government's pointed attention to cumbersome details sought in the financial statements.

The government explained that it was proposed to amend the Company Law and an indepth exercise was already on to overhaul some of these provisions. It also promised to look into the problems of varied interpretation of the Urban Land Ceiling Act by the state government in transferring land to the companies for starting joint ventures.

The minister of state for industry, Mrs Krishna Shahi, responded saying there was already a mechanism for monitoring this aspect and officials of her ministry were interacting closely with the state government to sort out the difficulties at the implementation stage.

These representatives of foreign and Indian companies further spoke of problems in securing financial packages because of the norms and procedures of the Reserve Bank of India and financial institutions and varying rates of duty and taxes for a Non-resident Indians (NRI) compared to others.

What these companies found worrisome was the implementation of the Customs and excise laws and underlined the need for greater transparency. They wanted to know if the structure of Customs and excise levies could be simplified and the existing list reduced.

Paper Reports on Upper House Elections

94AS0240F Hyderabad DECCAN CHRONICLE in English 18 Feb 94 p 1

[Text] New Delhi, Feb 17 (PTI)—The Union Welfare Minister, Mr Sita Ram Kesri, and three other sitting members were re-elected in the Rajya Sabha poll today for 18 seats following the unopposed return of 37 others earlier.

Elections in Gujarat for four seats were postponed following the death of the Chief Minister, Mr Chimanbhai Patel.

Altogether 60 seats would fall vacant on April 2 on the retirement of members. Elections were held today for eight seats in Bihar, four in Karnataka, five in West Bengal and the lone seat in Sikkim. No election was scheduled for the vacancy in Jammu and Kashmir.

Former Bihar Chief Minister, Dr Jagannath Mishra and noted economist, Mr Biplab Dasgupta, were among the winners to the Rajya Sabha elections.

The other three sitting members are Mrs Kamla Sinha, (JD [Janata Dal]) from Bihar, Mr H. Hanumanthappa (Cong-I [Congress (I)]) from Karnataka and Mr Gurudas Das Gupta (CPI [Communist Party of India]) from West Bengal.

The ruling Left Front in West Bengal won all the five seats from the State while Congress (I) swept Karnataka's all four.

In Bihar of the eight seats, four went to the ruling Janata Dal, two to the Congress (I) and one each to the BJP [Bharatiya Janata Party] and the CPI.

Those elected included, the Union Welfare Minister, Mr Sita Ram Kesri, the CLP [Congress (I) Legislature Party] leader, Dr Jagannath Mishra, and Janata Dal's Naresh Yadav and Mr Nagmani.

Md Ansari and Mrs Kamla Sinha of Janata Dal, Mr Jalaluddin Ansari of CPI and Mr Janardan Yadav of BJP were declared elected after the second round of counting.

Noted economist Biplab Dasgupta, youth leader Nilotpal Basu and Trade union leader Mr Dipankar Mukherjee (all CPI-M [Communist Party of India-Marxist]), sitting Rajya Sabha member Gurudas Das Gupta (CPI) and former West Bengal Food Minister Mr Nirmal Bose (Forward Bloc) were elected from West Bengal.

In Karnataka, the ruling Congress (I) made a clean sweep of all the four Rajya Sabha seats. There were five candidates in the fray, including an independent, Mr Veerendra Mohan Trehan.

Mr Janardhan Poojary, AICC-I [All India Congress Committee-I] general secretary, got 45 votes, Mr Rahman Khan, chairman of the State Minorities Commission, got 45 votes, the former minister, Mr Rajashekhar Murthy got 47, and Mr Hanumanthappa (sitting member) got 44, Trehan polled 37 votes.

Mr Karma Topden, candidate of the ruling Sikkim Sangram Parishad returned to the Rajya Sabha.

In Thursday's elections the Congress (I) and the Left Front won six seats each, Janata Dal four and the BJP and the Sikkim Sangram Parishad one each.

Press Briefed on CPI-M Politburo Meeting

94AS02550 Madras THE HINDU in English
28 Feb 94 p 9

[Text] New Delhi, Feb. 27—The CPI(M) [Communist Party of India-Marxist] politburo today condemned the Pakistani government and its resolution on Kashmir placed before the United Nations Human Rights Commission at Geneva. It also accused the Clinton administration of attempting to pressurise the Indian Government.

"The latest statement by President Clinton endorsing Pakistan's charges about human rights violations in Kashmir is part of a calculated plan to pressurise the Indian Government," charged the CPI(M) general secretary, Mr. Harkishen Singh Surjeet, while addressing a

press conference here today. "The effort is also to pit the people of India and Pakistan against each other," Mr. Surjeet said.

Briefing the press on the deliberations of the three-day Politburo meeting that concluded here yesterday, Mr. Surjeet reiterated his party's criticism against the Narasimha Rao Government, accusing it of following a 'weak kneed' policy against the U.S.

"It is unfortunate that, while making diplomatic protests, the Narasimha Rao Government has not criticised the U.S. administration's stand on Kashmir either in the President's address or in the resolution adopted by both Houses of Parliament," said Mr. Surjeet recalling the note of clarification given by the CPI(M) MPs [members of Parliament] soon after Parliament adopting the historic resolution on Kashmir.

Logical outcome: Linking the foreign policy position to the economic policy, the Politburo statement, added the obvious by stating "this weak kneed stance is the logical outcome of the surrender to US pressures on the economic front and the indiscriminate opening to foreign capital."

The statement charged the Government of having done precious little "even after three months after the Hazratbal shrine crisis was defused." Cautioning the Government against "reliance on administrative measures alone," it urged for initiative towards a 'political solution' to the Kashmir problem.

Taking stock of the economic situation, the Politburo reiterated its charges against the Congress(I) Government of showing gross contempt to parliamentary democracy by administering price hikes of essential commodities and petroleum products. Mr. Surjeet said the party would persist with its mobilisation of the people against the Government against the economic policies.

'Attack on working class': The decision by the Government to amend the labour laws, according to Mr. Surjeet 'constituted a serious attack on trade union rights and the working class.' The Politburo had decided to mobilise large numbers for the proposed 'march to Parliament' on April 5, Mr. Surjeet added.

Referring to the Ayodhya dispute and the ongoing hearing in Supreme Court on this case, the CPI(M) general secretary said his party maintained its opposition to the reference to the Supreme Court under Article 143 of the Constitution. "All cases connected with the dispute should be referred to the apex court for a judicial verdict under Article 138 (2) of the Constitution," he said.

He also said that his party "hoped that the Uttar Pradesh State government would take a stand before the Supreme Court similar to that taken by the West Bengal Government."

Accusing the Congress(I) of utilising defections to "engineer a majority in the Lok Sabha," Mr. Surjeet said "the reward of a Cabinet post to one of the defectors, Mr. Ram Lakhan Yadav, shows Mr. Narasimha Rao's blatant disregard for democratic norms and the spirit of the anti-defection laws."

- The three day meeting of the Politburo, also discussed a whole range of issues, including the crisis engulfing the Karunakaran Government in Kerala and renewed its demand for the resignation of Mr. K. Karunakaran and his Cabinet, in the light of the CAG's [comptroller and auditor general] indictment on the palmolein oil import.

The meeting also discussed the party proposal to update the party programme, which was decided upon in the last congress of the CPI(M) held at Madras in January 1992. The Politburo had a joint session with the Programme Commission headed by Mr. Surjeet himself to discuss the preparation of a draft updating the programme of the party.

It was decided that the Politburo meet once again on to discuss threadbare the report of the Commission in March, before placing the draft in this regard to the Central Committee of the party, Mr. Surjeet said.

JD President Quits, V.P. Singh Nominated

94AS0229F Madras *THE HINDU* in English
15 Feb 94 p 1

[All quotation marks as published]

[Text] New Delhi, Feb. 14—The Janata Dal [JD] affairs took a curious turn today with the party president, Mr. S.R. Bommai announcing his decision to quit the post. The former Prime Minister, Mr. V.P. Singh, now convalescing in London, was nominated by the national executive of the Dal to head the party. A resolution to this effect was passed by the executive.

However, Mr. Singh's consent is still awaited, despite claims from sections that the former Prime Minister had agreed to take over the reins of the party. Until such time Mr. Singh expresses his opinion, Mr. Bommai will continue to lead the party. A new president will have to be elected by the general body of the party within six months from now, according to the Dal constitution.

Sources within the party described today's development as 'part of a concerted move to oust Mr. Bommai and install Mr. Ram Vilas Paswan as party president'. According to them, Mr. Singh is expected to decline the post and hoist his confidant in place of Mr. Bommai.

Taken by surprise: Though today's development was more or less on expected lines, with powerful sections within the Dal gunning for Mr. Bommai, his decision to quit today appears to have taken his supporters in the national executive by surprise. Speculations are rife of a further split in the party, which is already witnessing exodus at local levels.

Today's national executive was preceded by a meeting of the Political Affairs Committee, where the demand for Mr. Bommai's ouster was raised by members, led by the Bihar Chief Minister, Mr. Laloo Prasad Yadav. Mr. Bommai's announcement to step down was essentially a fallout of this, said partymen.

Those who opposed Mr. Bommai's ouster include the Dal vice-president, Mr. George Fernandes, and the entire 'socialist camp' within the party. This camp was closeted in a meeting immediately after the executive meeting. The executive is slated to continue its deliberations tomorrow, when the Dal's rout in the recent elections is expected to come up.

Apart from Dal leaders leaving the party to join Mr. Mulayam Singh Yadav in Uttar Pradesh, a similar movement of Dal men, including some MPs, joining the Congress(I) seem to be on the cards. Confirming such an eventuality, a Dal MP from Bihar today said "we cannot remain party to this decision and do not intend to continue with them."

Mr. Bommai told the press that he had offered to quit as party president on consideration that Mr. Singh alone was capable of retrieving the Dal from the dumps that it is in today. "I am a satisfied and contented man today," said Mr. Bommai.

Though the meeting was slated to discuss a score of issues, including the 'merger of Dal factions which was initiated at Ghazaibad in September 1993', the only business transacted today was Mr. Bommai's stepping down. In fact, demands by Orissa Chief Minister, Mr. Biju Patnaik, and others that Mr. V.P. Singh's consent be obtained before resolving the issue of party presidency, was turned down by vocal sections.

Apart from Mr. Patnaik, the move was resented by Mr. Ramakrishna Hegde and many others from the southern States. This demand, sources said, was 'violently' turned down by sections led by Mr. Laloo Prasad.

'Consent': According to Mr. Bommai, Mr. Laloo Prasad claimed that he had spoken to Mr. V.P. Singh on the proposal to which he had agreed to. As if to endorse this, Mr. Bommai added that he too had expressed such a view to Mr. Singh, before his departure to London and "Mr. Singh did not say no."

No Ceiling on Export Credit Envisaged

94AS0240A Bombay *THE TIMES OF INDIA*
in English 19 Feb 94 p 19

[Text] New Delhi, February 18—The government has nominated a member on the Central Board of Excise and Customs (CBEC) to deal exclusively with policy matters relating to export promotion in Customs and Central excise areas, and also to interact and co-ordinate with the ministry of commerce in such matters.

Mr K. Vishwanathan will assume charge as member (export promotion) with immediate effect.

This was one of the decisions arrived at a meeting held by the cabinet secretary, Mr Zafar Saifullah, on Thursday with secretaries and head of departments of about a dozen ministries and official agencies dealing with export-related problems.

It was decided that there would be no ceiling on export credit where such applications were genuine. All export credit applications would be considered without reference to the 10 percent ceiling in the case of quality borrowers engaged in export and all cases of export credit rejection will be required to be put up to the chairman of the concerned bank.

The meeting decided that a 24-hour customs clearance facility would be introduced at Delhi, Bombay, Madras and Calcutta airports and at Bombay and Madras ports, to begin with, by March 31.

The cabinet secretary reiterated the overriding importance of exports as a national priority and a collective effort "in which each one of us is a player" involving the entire government including all connected ministries and agencies. While expressing his appreciation of the fact that awareness of the need for export promotion was gathering momentum, he was categorical that greater efforts were needed at the operating levels to translate strategies into action and to ensure prompt removal of bottlenecks through effective grievance redressal mechanisms. He wanted banks and financial institutions and all other connected departments to gear up their style of functioning to ensure that export activities were not hindered in any manner.

The meeting reviewed in detail the action points concerning different ministries on export-related problems arising out of the last such meeting taken by the cabinet secretary in November, 1993. Ministries covered in the meeting included agriculture, commerce, telecommunications, civil aviation, labour, surface transport, textiles and posts.

It was confirmed that a foreign post-office had started functioning at Varanasi and foreign post-offices would be opened shortly at Surat and Kanpur to cater to the growing need of exporters in those areas.

The meeting noted that the electronic data interchange (EDI) for international trade had already been launched

from Bombay well ahead of the scheduled deadline of March, 1994 and workshops were being held at all major port cities to enthuse and educate exporters to link up with the fast emerging EDI network.

It was indicated that the cabinet secretary would hold two follow-up meetings to discuss fiscal and banking issues relating to exports after the budget session of Parliament.

1993/94 Economic Survey Presented to Parliament

Overall Summary

94AS0243A Bombay *THE TIMES OF INDIA*
in English 25 Feb 94 pp 1, 13

[Text] New Delhi, Feb. 24—The Economic Survey for 1993-94, presented to Parliament today, hints at further reforms in taxation, subsidies, price control and expenditure, but concedes that these basic reforms may not show "immediate dramatic results in deficit reduction" from the current year's level which is likely to exceed significantly the 1993-94 budget estimates.

Nevertheless, the survey says, the measures can help ensure that control over the fiscal deficit is re-established. Referring to the high fiscal deficit during the current financial year, the survey points out that "after initial success, there is a tendency for fiscal discipline to weaken" as happened in many countries which faced a fiscal-cum-balance of payment crisis.

It notes the success achieved on the balance of payments and inflation fronts as also rekindling of growth which is expected to be 3.8 percent for 1993-94, nearly two percent less than the target. But these encouraging trends, the survey warns, must not lead to fiscal laxity. "The alternatives to fiscal responsibility and sustained reform will bring higher inflation, low growth, recurrent balance of payments problems and the accentuation of poverty." The survey, therefore, calls for resisting them firmly so as to attain the goals of fast labour intensive growth, employment generation and poverty reduction.

The need for macro-economic stability by reducing the government's revenue expenditure to sustain high rates of savings and investment has been repeatedly stressed. A reduction in fiscal deficit will also facilitate financial reform by eliminating any residual risk of a high interest-fiscal deficit spiral. In the medium-term, containment of fiscal deficit would entail serious changes in both expenditure and revenue policies. Control of major subsidies and effective prioritisation of discretionary expenditures is a key issue.

While broadening of the tax-base is necessary to contain fiscal deficits, moving towards the ideals of a national value added tax and ad valorem import duty is also considered essential for putting Indian producers on a par with foreign competitors.

Among other important issues and priorities highlighted by the survey are: changes in legislative and administrative framework to facilitate restructuring of industry, elimination of rigidities in labour laws, attracting foreign direct investment, phasing out import licensing and high tariffs. Shifting the composition of external finance from borrowing to direct equity investment, and from short-term and government guaranteed government debt to long-term debt with minimum reliance on government guarantee, prudent management of external debt and foreign exchange reserves, reforms in pricing, cost recovery and institutional changes in the infrastructure sector. The survey also emphasises the need for shifting composition of public expenditure in agriculture from input subsidies to creation and maintenance of infrastructure.

The survey notes several plus points during the current financial year as fruits of the reform initiatives. The year is likely to end with foreign exchange reserves of about \$12 billion and a current account deficit of less than 0.5 percent of GDP. An inflow of over \$2.5 billion on account of foreign direct and equity portfolio investments is expected by the end of this financial year, with much higher inflows likely next year.

The monetary effects of large capital inflows may pose a new challenge for the country's monetary policy for the first time in recent history. In 1991-92, foreign exchange inflows added about Rs 11,000 crores to reserve money and in 1993-94, this increase may be of the order of Rs 16,000 crores. "The contribution is likely to increase next year and we must be prepared to meet this challenge," the survey observes.

A conscious policy is being followed to reduce the quantum of short-term external debt as a result of the marked improvement in foreign exchange reserves. The share of short-term debt in the total debt stock fell from 10.2 percent in March 1991 to seven percent in March 1993. The increase in external debt averaged about \$3 billion in both 1991-92 and 1992-93, but in the first half of 1993-94, the increase was limited to less than \$300 million.

In the first nine months of 1993-94, export growth rose to 19.9 percent in dollar terms while imports declined by 1.3 percent. The deficit in the current account at 0.5 percent of GDP is also sustainable. While all this provides a very sound basis to put the balance payments position on a stable path in the medium-term, concerted policy action is required to ensure that exports maintain their growth rate in the medium-term and the trade deficit is not allowed to widen despite the likely recovery in imports during 1994-95.

The survey also notes that debt servicing is expected to peak in 1996-97. Because of the large interest and principal repayments, a substantial financing gap may be expected to remain in the coming three years. In this connection, the survey refers to the issue of taking a medium-term loan from the IMF under the extended

fund facility (EFF) and says that while some talks have been held, a decision will be taken keeping in view the emerging balance of payments position.

The overall industrial growth during the first seven months of 1993-94 has been only 1.6 percent. The growth rate, though registering discernible improvement since July 1993, is below the expectation, the survey concedes. But it finds indications of an industrial revival due to several factors on both the supply and demand side. These factors include successive good agricultural performance, high growth of exports, a buoyant infrastructural sector, enhancement in public spending on social sectors and a substantial increase in foreign investment. Demand conditions are also favourable, indicating an industrial growth rate of around 4 percent for 1993-94. The survey, however, admits that due to a number of factors, "the industrial sector is yet to respond with full vigour to liberalisation measures."

Turning to agriculture, the survey says that despite a good year, agricultural production will show slower growth in 1993-94 because of the peak levels attained in 1992-93. But the production of wheat and rice is likely to grow this year. Foodgrains stocks at 22.8 million tonnes at the end of December, 1993 were at their highest level in seven years.

The survey expresses concern at the price situation. Though the annual inflation rate stood at 8.2 percent (provisional) on January 29 this year, the fiscal and monetary situation was fuelling inflation. Because of the increased administered prices at the end of January and early February, "control of inflation once again emerges as an area of priority concern."

It therefore, observes: "In the coming year, containment and reduction in the rate of inflation will depend on measures for containing the fiscal deficit and reducing the potential for monetary expansion, recovery of industrial production and the management of the supply of foodgrains and other key essential commodities."

Special Export Thrust

94AS0243B Bombay THE TIMES OF INDIA
in English 25 Feb 94 p 17

[Text] New Delhi, February 24—The Economic Survey of 1993-94 calls for a special policy thrust to maintain the export growth and encourage non-debt creating capital inflows (remittances and investment) aimed at putting the country's balance of payments (BoP) position on a stable path during the next three years.

In a review of the external sector of the economy, the survey says performance during the year has amply demonstrated the benefits of the reforms and this should strengthen the resolve to press ahead with them.

The survey finds that a sound basis has been created to further deregulate the external sector and rationalise the tariff structure. It expects export growth to be 20 percent in dollar terms during 1993-94 and the year to end with

foreign exchange reserves close to \$12 billion. With a substantially lower increase in imports, the trade deficit and also the current account deficit would narrow significantly compared to the previous years. The financing gap will, therefore, also be correspondingly smaller.

It has, however, a word of caution as well. Debt-service payments are likely to increase in the next three years. Debt-servicing is expected to peak in 1996-97 and because of the large interest and principal repayments, a substantial financing gap may be expected to remain in the coming three years.

In the context of this challenge, the survey moots certain policy measures. It says rapid and sustained export growth remains the key to long-term viability of BoP and the reduction of foreign debt. The policy bias against exports provided by import licensing and high tariffs has, therefore, to be eliminated over time.

The country's agricultural and allied exports continue to be severely constrained by policy-imposed restrictions. Asserting that these exports posed no threat to the objective of food security, the survey calls for removal of these curbs which will provide farmers with fresh incentives to increase output.

On the other hand, a major share of bulk imports continues to be canalised and more than a third of the tariff lines are still covered by some form of import licensing. Quantitative restrictions on import of consumer goods provide very high levels of effective protection to these sectors. This results in misallocation of investible resources from sectors where the country may process a competitive advantage. Policy reforms in these areas, the survey says, "merit urgent and co-ordinated government action." Moreover, there is a need to augment infrastructural facilities for exports.

The survey notes that with the Indian economy increasingly integrated with the world economy, the management of the BoP will pose major challenges. Careful attention will need to be given to exchange rate policy, external debt strategy and foreign exchange reserve management.

Policy must ensure that exchange rate developments do not weaken the competitiveness of Indian exports. The large stock of external debt has to be carefully managed to minimise the potential for sudden pressures on liquidity of the kind that disrupted the economy in 1990-91. Foreign exchange reserves must be held at levels commensurate with growing trade and capital flows and the increasing diversity and flexibility of such flows. Anticipatory actions will have to be taken to guard against shocks such as a sudden rise in global petroleum prices or an agricultural drought.

On the performance in the external sector, the survey projects import growth to be limited to 4 percent during 1993-94 despite large-scale liberalisation of import policy. The trade deficit in the first nine months of 1993-94 was only \$732 million which was less than one-fourth of the level in the corresponding period of 1992-93. The current account deficit in 1993-94 is expected to be less than 0.5 percent of the GDP (little over \$1 billion).

The year has also seen a sharp increase in inflow of foreign investment. The total quantum of foreign investment flows could be about \$3 billion compared to \$585 million during 1992-93 and \$148 million in 1991-92.

Foreign exchange reserves had built up to \$10.9 billion on February 4, 1994. It is expected that there will be a build-up of about \$5.5 billion in reserves during 1993-94, taking these close to \$12 billion.

"The year under review has, therefore, seen the country emerge decisively out of its BoP crisis of the past three years," the survey noted.

The survey makes some interesting observation on the foreign trade trends during 1993-94. Manufacturers, which had a share of 74.6 percent in 1991-92 and 76.3 percent in 1992-93 in the country's exports, are losing their predominance during the current year. Agricultural exports increased by 38 percent while manufactured exports grew by only 19 percent during the first half of 1993-94. The survey, however, views this as a "positive trend" which needs to be strengthened as it generates backward linkages within the domestic economy and stimulates growth.

Similarly, the survey offers an explanation for decline in imports which have baffled many. It says the fall in imports cannot be explained away by pointing towards the slow recovery in industrial output. Fertiliser imports have declined as a result of decontrol of prices of phosphatic and potassic fertilisers. Imports of other commodities, which are largely in the nature of intermediate inputs, may have declined on account of weak industrial recovery but perhaps more so because of exchange rate changes. At the new exchange rates, domestic substitutes, whose quality is improving, have become more economical.

For the first time the survey reports on the developments in the *hawala* foreign exchange market. It says the premium in the *hawala* market for the U.S. dollar had come down sharply by the end of 1992-93 to about 10 percent. It reached its historically lowest level of 6 percent in mid-June 1993. This was a result of exchange rate policy and the liberalisation of bullion imports. The premium temporarily went up during August to October 1993 when it reached 13 percent. It has declined during the subsequent months.

1992/1993 Public Enterprise Survey Presented

94AS0255Q Madras *THE HINDU* in English
24 Feb 94 p 9

[Text] New Delhi, Feb. 23—With the petroleum companies having achieved a significant improvement in performance, central public enterprises recorded a 44 percent increase in net profits during 1992-93. The scenario would have been far brighter, but for the fact that losses by sick public enterprises had mounted to nearly Rs. [Rupees] 4,000 crore.

This is disclosed in the Public Enterprises Survey for 1992-93 which was presented in Parliament today. The Indian Oil Corporation (IOC) heads the list of profitable undertakings, with a net profit of Rs. 935 crores, while Rashtriya Ispat Nigam is the highest loss-making concern with a net loss of Rs. 568 crores.

The net profit for the year had risen by Rs. 1,040 crores to reach Rs. 3,395 crores during the year. The petroleum sector, as usual, is responsible for the lion's share with Rs. 551 crores but non-oil sector companies also achieved a substantial increase in net profit estimated at Rs. 489 crore.

The impact of the loss-making enterprises on the overall performance of the public sector is indicated by the fact that the net profits of 131 enterprises is Rs. 7,346 crores while 104 companies suffered Rs. 3,950.50 crores.

In an analysis of the performance of non-oil companies which are not sick, the Survey finds that these have shown net profits of Rs. 1,798 crores compared to Rs. 1,574 crores the previous year. The study had been carried out to exclude the effect of very high profits of the oil enterprises and the large losses of sick companies and evaluates performance of other units in a competitive environment. It concludes that sick enterprises are mainly responsible for low profitability of public enterprises as these account for net losses of Rs. 2,524 crores in the manufacturing and service sectors.

The Survey notes that the overall net return on investment, in terms of ratio of net profit to capital employed, had risen only marginally from 2 percent in 1991-92 to 2.43 percent in 1992-93. The gross profit, when viewed as percentage of capital employed, also shows a marginal decline from 18.83 percent to 18.02 percent.

According to the Survey, this has to be viewed in the background of the multi-dimensional objectives of public enterprises and the divergent constraints faced by them. In order to be fair to them, it is felt, it will be necessary to take into account the obligations of public enterprises which transcend the concepts of production and profits. The performance of public enterprises had to be evaluated keeping in view the contributions made in discharging socioeconomic obligations, development of backward regions, provision of public utility services and selling basic inputs or products at administered prices.

The Survey which had taken the performance of 245 enterprises into account, notes that the investment in these companies had risen by Rs. 11,526 crores, an increase of 8.5 percent. Similarly, gross sales had recorded an improvement of Rs. 12,807 crores, a 9.5 percent rise. Value added in production enterprises also rose by 8.24 percent, from Rs. 35,212 crores to Rs. 38,114 crores.

Other highlights: Other highlights of the Survey are, the 13.67 percent rise in gross internal resources. These have increased by Rs. 1,780.51 crores, to reach Rs. 14,723 crores from Rs. 12,942 crores last year. Export earnings have also risen by Rs. 1,366 crores to touch Rs. 10,345 crores during the year. Contribution to the exchequer in the form of corporate tax, Excise duty, Customs and other duties and dividend increased by Rs. 2,136 crores from Rs. 19,951 crores the previous year.

The company with the highest investment during the year is the National Thermal Power Corporation with a total investment of Rs. 17,700 crores followed by Coal India Limited with Rs. 10,508 crores.

In absolute terms, the gross profit of public enterprises during the year had risen by Rs. 2,303 crores, a 17 percent increase from Rs. 13,675 crores in 1991-92 to Rs. 15,978 crores.

The Survey notes that the ratio of net turnover to capital employed brings out the efficiency of utilisation of funds of any enterprises. This had fallen to 95.77 percent in 1992-93, compared to 104.78 percent the previous year. Group-wise analysis, however, indicates that there had been an improvement in the ratio in eight sectors, including tourist services, contracts and construction, textiles and consumer goods. Another 13 sectors had shown a decline, including medium, and light engineering, petroleum and trading and marketing.

Providing an overall picture of profit and loss in various industry groups, the Survey notes that the steel sector losses had fallen by Rs. 430 crores. On the other hand, losses of the fertiliser sector had risen from Rs. 394 crores to Rs. 564 crores while the textiles industry losses had increased from Rs. 313 crores to Rs. 572 crores. Profits of the petroleum sector had risen by Rs. 551 crores, while other sectors which had registered some increase in profits are coal, financial services, and telecom. The manufacturing sector as a whole shows a rise in a profit of Rs. 530 crores against Rs. 510 crores for the services sector.

On memoranda of understanding (MOUs), it is stated that 98 enterprises entered into such agreement with their administrative Ministries during the year. Of these, 34 were rated as 'excellent,' and 35 as 'very good'.

The Survey says that a major initiative to disinvest Government shareholding in public sector units was taken during the year in order to raise resources, encourage wider public participation and promote greater accountability. An amount of Rs. 1,912 crores

was mobilised during the year by disinvesting around five percent equity holding of 16 public enterprises. In the previous year, the Government had disinvested eight percent of the shareholding in 30 enterprises at a total value of Rs. 3,038 crore.

Another significant development during the year was the identification of 44 central public enterprises as being sick following the amendment to the Sick Industrial Companies (Special Provisions) Act, 1985. Of these, 40 have been registered by the BIFR [Board of Industrial Finance and Reconstruction].

Finance Panel Approves Foreign Investment Proposals

94AS0229C Madras *THE HINDU* in English
15 Feb 94 p 8

[Text] New Delhi, Feb. 14—The French cosmetics giant, L'Oreal, the leading homeopathic manufacturer, Willmar Schwabe GmbH of Germany, and Pepsico Inc. of the United States are among the foreign companies whose proposals for direct investment in this country were cleared today. A tie-up between British Gas and the Gas Authority of India Limited (GAIL) for supplying piped gas to Bombay for domestic and commercial use has also been approved.

The empowered committee presided over by Finance Minister, Dr Manmohan Singh, approved 50 proposals envisaging a total direct foreign investment of over Rs. 700 crores. The units have projected export earnings of over Rs. 1,700 crores over a five-year period.

L'Oreal has been allowed to set up a 100 percent owned company. The \$4.5-million project will be in a backward area of Gujarat. The French company will provide advanced technology and know-how in the form of formulations for products, manufacturing, testing and packaging.

Green signal for Pepsico: Pepsico Inc. has also been given approval for setting up a 100 percent holding company with an investment up to dollar 95 million. The holding company will invest in Indian subsidiaries or joint ventures and may also engage in certain business activities. An official release says their main area of interest will be in food processing industries, beverages, business, joint ventures, export activities and information technology.

Willmar Schwabe GmbH of Germany has been allowed to establish a joint venture company for producing and distributing its products. The project will undertake exports valued at over Rs. 8 crores over a seven-year period, apart from resulting in import substitution.

The empowered committee also approved the joint venture proposal of GAIL and British Gas for distributing gas, initially from Bombay High and later from other potential sources, to domestic and industrial consumers

in Greater Bombay. The project will connect 620,000 consumers to its pipe network over a 12-year period.

Wind energy project: Among the other proposals cleared by the committee is that of Cannon Group of California, U.S., the world's second largest wind power operator. This is for setting up a joint venture for using wind energy with special interest in building, operating and owning wind energy parks. The project with an equity capital of Rs. 100 crore will be located in Gujarat. The Park will have a capacity of 100mw having 400 wind turbines. The energy generated will be fed to the Gujarat Electricity Board for supply to industrial units in the area.

Aeolus Aviation Limited has been allowed to establish a flying academy and air chartered services in Tamil Nadu to cater to requirements of professional pilots of India.

A financial and technical collaboration between Lakanpal National Limited and Matsushita Electric of Japan for setting up additional manufacturing facilities for mercury-free dry cell batteries with zinc chloride paper line technology was also approved by the committee.

The proposed collaboration between Archie Sports and Australian Bat Company for setting up a cricket bat manufacturing project in Gurgaon, Haryana, has simultaneously been cleared. The Indian company will export a minimum 75 percent of the bats produced.

Other schemes cleared today include Greenland Warehousing's proposal for warehousing of containers and bulk cargo in open, covered and custom bonded warehouses areas near J.N. Port in Maharashtra and Raunak International has been allowed to establish bulk drug and drugs intermediates manufacturing facility in collaboration with ACG Handal Sessel Schaft Austria. An NRI [Nonresident Indian] promoted project of Venture Twenty First Foods for setting up a fruits and vegetables processing unit has also been cleared.

Another scheme from NRIs based in Canada has been approved for setting up a Foreign Language Institute. Its services will include training in selected foreign languages, computerised foreign translation and cross cultural training for business executives.

Paper Summarizes 1994/95 Railway Budget

94AS0240E Bombay *THE TIMES OF INDIA*
in English 25 Feb 94 p 1

[Text] New Delhi, Feb. 24—The railway budget for 1994-95 today proposed a six percent hike in upper class passenger fares and a marginal increase of up to Rs [Rupees] 20 in second class fares along with modifications in freight tariffs for long distance haulage to raise an additional revenue of Rs 997 crores to cover a budgetary gap of an equal amount, report Agencies.

An additional revenue of Rs 800 crores is expected to be mopped up from freight traffic and another Rs 197 crores from the travelling public.

The estimated Rs 197 crores includes Rs 45 crores from second class passengers. By hiking the fares of monthly season tickets, the railways expects Rs 17 crores. This amount was included in the anticipated additional revenue of Rs 45 crores from second class travellers.

Presenting the budget in Parliament, the railway minister, Mr C.K. Jaffar Shariff, left untouched the poorer sections, who travel up to 100 km in second class ordinary trains, while proposing a marginal increase between Re 1 and Rs 5 for distances beyond 100 km.

While second class mail and express fares for distances up to 155 km are proposed to be marginally reduced, a modest increase from Re 1 to Rs 20 has been proposed in the fares for distances beyond.

An increase between Re 1 and Rs 40 has been effected for second class monthly season ticket fares in the suburban sector.

By a sleight of hand, the railway minister has modified the telescopic freight tariff by reducing the taper for long distance haulage and made changes in classification of items.

The items covered by upward revision in classification include coal, iron and steel, cement, HSD [high-speed diesel] oil, oil cake and molasses.

With a view to avoiding undue burden on the common man, Mr Shariff does not propose to change the classification for grains and pulses meant for the public distribution system.

Mr Shariff also proposed to continue the exemption from freight increases for 12 essential commodities, including salt, kerosene, livestock, LPG [liquefied petroleum gas], edible oil and fodder.

The present rebate of six percent on freight allowed for cement and chemical manures loaded in open wagons is to be enhanced to ten percent.

In his bid to maximise revenue, Mr Shariff also proposed to reduce the minimum distance for charge in respect of freight traffic from 100 km to 75 km and reduce the distance blocks for charge beyond 2,400 km from the present 50 km to 25 km.

The minister announced the introduction of new trains, extension of the runs of a few existing trains and increasing the frequency of some.

In a politically significant decision, the budget has earmarked Rs 50 crores in the next year for the Jammu-Udhampur link while final location survey has been ordered for extending this rail link to Srinagar.

All the new proposals will come into force from April 1, 1994.

Sleeper class fares will continue to be 25 percent higher than the second class fares as at present.

The six percent increase for upper class fares covers AC [airconditioned] first class, first class, AC sleeper and AC chair car.

Fares for the new AC three tier will be charged at 25 percent higher than the fares of AC chair car as at present.

The fares for Rajdhani, including August Kranti Rajdhani and Shatabdi Express trains are also proposed to be suitably revised.

Among the highlights of the budget are introduction of 12 new trains including the weekly Rajdhani Expresses linking Delhi and Guwahati and Bhubaneswar.

In the suburban railway sector, the fares for second class monthly season ticket up to a distance of 90 km are to be increased by Re 1 to Rs 9, depending upon the distance.

For distances beyond 90 km the increase in the season ticket fares would range from Rs 11 to Rs 40.

Mr Shariff claimed that 90 percent of the monthly season ticket holders travel up to 90 km only and they have to pay extra a maximum amount of only Rs 9 per month.

There will be no change in the quarterly season tickets which will continue to be charged at 2.5 times the monthly season ticket fares, while first class season tickets will continue to be charged at four times the second class fares.

The fees now levied for computerised reservations are proposed to be made applicable for manual reservations also. The reservation charges are Rs 5 for second class seat, Rs 10 for sleeper class, Rs 15 for AC chair car, AC three tier, first class and AC sleeper and Rs 25 for AC first class.

Mr Shariff said that the railways' strategies for growth include gauge conversion and railway electrification of selected routes, strengthening tracks, more powerful locomotives, speeding up freight trains, terminals for goods and parcel traffic, lighter and more comfortable passenger traffic, lighter and more comfortable passenger coaches, improved customer service and development of real estate to supplement resources.

In the next financial year, the railways expect to carry 380 million tonnes of freight traffic.

As regards passenger traffic, a growth rate of two percent over the traffic likely to be carried this year is anticipated.

Concerned over accidents at unmanned level crossings, the minister has provided Rs 25 crores in the budget for manning about 500 level crossings.

Ordinance Restructures Nation's Airlines*94AS0240H Hyderabad DECCAN CHRONICLE
in English 19 Feb 94 p 1*

[Text] New Delhi, Feb 18 (UNI)—The Centre on Friday issued an Ordinance lifting the monopoly in the scheduled domestic air transport service in the country and for restructuring Air-India and Indian Airlines, according to an official statement.

Under the Ordinance, the takings of Indian Airlines and Air-India will be transferred and vested in Indian Airlines Limited and Air-India Limited, respectively from March 1.

A notification to this effect under Section 3 of the Air Corporations (Transfer of undertakings and repeal) Ordinance, 1994, (4 of 1994) was issued by the Civil Aviation and Tourism Ministry here.

IRAN**Changes Made by Khamene'i in Regime Analyzed***94LH0037A London AL-SHARQ AL-AWSAT in Arabic
22 Feb 94 p 6*

[Article by Ja'far Ra'ed: "Consolidation of the State's Authority in Iran"]

[Text] With the beginning of the 16th year of the Iranian revolution, the leader of the revolution, Ayatollah 'Ali Khamene'i, has made a number of important decisions. The decisions have demonstrated, in a clear and unambiguous fashion, the existence of a strong central authority in Iran today, which can take hold of Iran's inhabitants with a strong and unflinching hand and guide them in the direction this central authority desires. These decisions have also proved that what used to be called a duality of authority has now become a thing of the past. At the same time, they have indicated that the revolution's centers of power, which possessed clout and influence, have in fact been cut down to size.

The first step taken by Ayatollah Khamene'i in the direction of strengthening the authority of the state was to give free rein to the minister of interior—a person in whom he has confidence—to take charge of matters and strike down those who would do damage to the nation's security and stability. This was done by entrusting him with the power and authority of commander-in-chief of the armed forces—authority which was previously entrusted to learned clergymen—and command of the police and security forces, the gendarmerie, and the mobilization forces—for a period of three years. There was a reason for making this period of time three years. The second and last term of rule by Hojjat ol-Eslam Akbar Hashemi-Rafsanjani is a period of time totaling four years, and more than six months of this term have already gone by. In three years' time the end of this term will be near, and the duties undertaken by his minister of interior will then be almost concluded.

The name of this minister of interior, who currently has such broad authority, is 'Ali Mohammed Besharati-Jahromi. "Jahrom" is a city in southeastern Iran and is famous for the quality of its date crop. It is in the region called "Fars," and its capital city is Shiraz, the city of the two poets Sa'di and Hafez. Also, the moon as seen from Shiraz was celebrated by the Iraqi poet al-Bayati in his famous poem "The Moon of Shiraz," and other Arab poets as well have celebrated the beauty of this city.

Before 'Ali Mohammed Besharati-Jahromi took over the Ministry of Interior, and before the nation's spiritual leader entrusted him with the powers of commander-in-chief of the forces responsible for internal security, he undertook two initiatives that left no doubt as to his decisiveness and determination to curtail the intervention of the centers of power in matters that were to be within his area of responsibility. The first of these initiatives was to prevent the so-called "Moslem students marching along the path of the Imam" from demonstrating in front of the [former] U.S. Embassy on the anniversary of its occupation. This is the same group that had occupied the U.S. Embassy in Tehran in 1980. [date as published] Every year, on this anniversary, the group had been accustomed to demonstrating across from the [former] U.S. Embassy and burning the U.S. flag, and hearing speeches from their leaders such as Mohtashemi and Kho'iniha. The demonstration took place [this time] on the anniversary, across from the [former] U.S. Embassy in Tehran, but under the supervision of the government organizations, who did not permit the burning of the U.S. flag, since this was considered to be an insult to the people of the United States and their nation and regime.

The second initiative was to prevent Hojjat ol-Eslam 'Ali Akbar Mohtashemi—the former minister of interior, who had also been, before that, the Islamic Republic's ambassador to Damascus and was one of the founders of Hizballah in Lebanon—from giving a speech to the public in the city of Sari, in northern Iran. These two initiatives, which were the first signs of what Besharati would do, were like a clear and unmistakable announcement of the fact that this man was serious and did not joke around.

It is interesting to note, in the case of Besharati, that he is the first minister of interior in the days of the Iranian Islamic Republic who does not wear a turban and is not one of the clergy. All of those who had preceded him in this high-level position since the rise of the new regime in Iran had borne the title of "Ayatollah" or "Hojjat ol-Eslam," such as Ayatollah Mahdawi Kani, Hojjat ol-Eslam Hashemi-Rafsanjani, Hojjat ol-Eslam 'Ali Akbar Nateq-Nuri, Hojjat ol-Eslam 'Ali Akbar Mohtashemi, and the last one, Hojjat ol-Eslam 'Abdollah Nuri. If it is true what people say concerning the possibility that this strong and decisive man will be nominated and elected president of the republic and thus succeed Hojjat ol-Eslam Hashemi-Rafsanjani, then this will be another weak spot in the make-up of the Iranian Islamic Republic, which will be broken. Perhaps it would be

more appropriate, in the Velayat-e Faqih regime, not to have a clerical leader be chief of the executive power of government in order that he not issue individual interpretations of religious law.

'Ali Mohammed Besharati-Jahromi was the first deputy to Minister of Foreign Affairs Dr. 'Ali Akbar Velayati before the Ministry of Interior was entrusted to him. He was also one of the candidates to succeed his minister in the Ministry of Foreign Affairs, but Dr. Velayati was retained in his ministry and the portfolio of the Ministry of Interior was entrusted to him. Besharati was successful in his former position as first deputy minister of foreign affairs. Before leaving this ministry, he made a trip to North Africa, during which he visited Tunisia and Morocco. One of the positive results of this trip was the fact that normal relations were once again established between Iran and both Tunisia and Morocco. Besharati maintained his interest in foreign affairs issues even after he was transferred to the Ministry of Interior. As evidence of this interest on his part we have the statements he made, while visiting Qatar a few weeks ago, concerning the necessity of developing Iranian-Arab relations and his expectation that good-neighborly relations and cooperation would develop between Iran and Saudi Arabia.

Besharati's appointment to the Ministry of Interior during the second week of August 1993 was welcomed by various circles of people in Iran. They include extremist press, which made reference to his past services and praised his prominent role in the Revolution Guard and its intelligence bureau which foiled many plots hatched against the regime of the Islamic Republic during a critical period of its history.

One fact that Arab readers should know is that Besharati, when he was first deputy minister of foreign affairs, forwarded a report three days before Iraq's occupation of Kuwait, and in this report he gave a very accurate assessment of the consequences expected as a result of the occupation of Kuwait by Iraq, and his report also listed all the benefits Iran would reap by adhering to a policy of neutrality in this dispute. This accurate report was the reason for Ayatollah Khamene'i's sending him a message of praise and appreciation in March of 1991, in which he provided his assessment of Besharati's capability and his political astuteness. It was an official message that was signed by Khamene'i himself, and it constituted an exceptional gesture on his part. Besharati is considered to be one of a group of pioneers in the Iranian Islamic Republic. During the previous regime he was in jail and spent about four years under arrest, and during that time he was the object of respect on the part of his jailers because of his reasonable and responsible behavior. He is known for his strong enmity toward leftist and extremist organizations and those who belong to them. At the present time he enjoys the favor of Hojjat ol-Eslam 'Ali Akbar Nateq-Nuri, speaker of the Majles and head of the parliamentary majority known as the "Resalat bloc." ("Resalat" means "mission.") The members of the Resalat bloc consist of about 170 deputies or

members of the Majles. This bloc is a conservative one which fosters Islamic traditions, adopts the policy of free trade, and represents the Iranian bourgeoisie.

We have dealt, at great length, with the Iranian minister of interior, 'Ali Mohammed Besharati-Jahromi, because it is expected that he will rise quickly and take on major responsibilities. Besharati was born in the town of Jahrom in 1944 and graduated from both elementary and secondary school there. He received his higher education in Tehran where he specialized in education, and then he entered government service in Qom. He utilized this opportunity to attend courses in Islamic sciences, and later on he studied in the College of Law in Tehran. Then he joined the revolutionary movement, and because of that, he went to jail. When the revolution took place, he became responsible for guarding Khomeini during the Imam's return to Iran. Then he was appointed head of the intelligence bureau of the [Revolution] Guard in the Command Council of the Revolution Guard. He became a member of the Majles as a result of the first elections held after the revolution, representing the people of Jahrom. He was given great responsibilities in the parliament, including membership in the fact-finding commission that investigated abuse and torture of prisoners in jails. He acquired a good reputation as a result of this work since he stood up for prisoners who suffered abuse and argued in their defense with the overseers of the prison system.

In general, Besharati, during the various stages of his political activity, became known as an opponent of reckless and extremist behavior in the name of the revolution, and he has written some works, including one called "Humaneness in Islam."

In connection with the beginning of the 16th year since the establishment of the regime of the Islamic Republic, Ayatollah Khamene'i, the nation's spiritual leader, in addition to supporting Besharati as minister of interior, embarked upon the taking of other measures that indicated that he was beginning to curtail the role of some of the centers of power. These measures included the dismissal of the brother of President Hashemi-Rafsanjani, Mohammad Hashemi, who had been the overseer of Iran's radio and television for 13 years and who was transferred to the Ministry of Foreign Affairs; and the appointment of the minister of Islamic guidance, 'Ali Larijani, as the new overseer of Iran's radio and television. Ayatollah Khamene'i sent a long letter to Larijani in which he explained the policy guidelines to be adhered to by Iran's radio and television. These recommendations included the necessity of being concerned about the Persian language used over radio and television and raising its usage to a higher level. Groups opposed to President Hashemi-Rafsanjani welcomed this new appointment and had high praise for Larijani's personality, capabilities, revolutionary past, and great knowledge of literature, art, and politics. He is expected to bring about basic changes in these important media, of which he will be in charge.

Ayatollah Khamene'i then appointed Mostafa Mirsalim as minister of Islamic guidance. This man is known for his maturity and impartiality, and occupied a number of sensitive posts during the days when Khamene'i was president of the Islamic Republic, including the post of director of public security.

These basic changes have been accompanied by other important steps taken by Ayatollah Khamene'i. They have included the removal of Engineer Mar'ashi (brother-in-law of President Hashemi-Rafsanjani) from his post as governor of the province of Kerman in southeastern Iran, the province which contains the town of Rafsanjan. President Hashemi-Rafsanjani then hastened to appoint Mar'ashi to the post of chief of the Office of the Presidency of the Republic.

Other fairly important changes in other institutions have also taken place, including the dissolution of the agency that was responsible for setting policy for Iran's radio and television programs. This agency had existed ever since the beginning of the new regime.

After undertaking all these measures, the leader of the revolution, Ayatollah Khamene'i, was the prayer leader for the faithful during the first Friday prayer this year after the sighting of the crescent in Iran during the blessed month of Ramadan. This initiative, that is, Ayatollah Khamene'i's serving as prayer leader for all the faithful during the Friday prayer, is something that rarely happens. One of the most important things that the spiritual leader of the Islamic Republic announced to the faithful during last Friday's prayer, the date of which corresponded to 18 February this year, was the fact that he will turn a blind eye to opponents of the government in Iran who express their opposition in newspapers published inside Iran and who make statements to foreign radio stations abroad. It appears that, with this statement, he wanted to demonstrate the magnanimity of the government agencies toward those who are in the opposition.

Before we conclude this article, we should make it clear that the measures taken in recent weeks by the spiritual leader of the nation cannot really be considered to be a challenge to the authority of President Hashemi-Rafsanjani or an effort to degrade his position. One thing that attracts our attention is the fact that Ayatollah Khamene'i never misses an opportunity to praise the personality and laudable qualities of the republic's president. In fact, he praises him so highly that some people feel that there is a large measure of exaggeration in what he says. Whoever closely follows events in Iran, especially the debates that take place in the Majles, knows that these measures have been taken in accordance with the opinions of the majority of the members of the parliament. One of these measures that was widely acclaimed was the dismissal of Mohammed Hashemi, the overseer of Iran's radio and television, concerning whom parliament selected a committee to investigate what was going on in the organization that he was the head of, and the results of the investigation were not at all in his favor. Merciless attacks occurred between Mohammed Hashemi and the members of the parliament, and perhaps President Hashemi-Rafsanjani was embarrassed about his brother and unable to take any measures against him, so Ayatollah Khamene'i chose to save him from this anguish.

It could be said that the current session of parliament represents the traditional merchant class, and it is known that this class of people has ties to devoutly religious Shiite circles and clergymen other than the extremist revolutionary types, as previously mentioned. Most of the members of parliament who are members of this economic class are united under the banner of the "Resalat" bloc and the current speaker of parliament, Hojjat ol-Eslam 'Ali Akbar Nateq-Nuri, who is its spokesman. Perhaps we can conclude from all of this that Iran's general policy is moving in the direction of being a religious national bourgeois policy.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.

END OF

FICHE

DATE FILMED

17 JUNE 1994